

**SCHOOL DISTRICT
OF**

HARRISON TOWNSHIP



**Harrison Township Board of Education
Harrison, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018**

**Comprehensive Annual
Financial Report**

of the

Harrison Township Board of Education

Harrison, New Jersey

For the Fiscal Year Ended June 30, 2018

**Prepared by
Harrison Township Board of Education
Finance Department**

HARRISON TOWNSHIP SCHOOL DISTRICT

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Introductory Section

HARRISON TOWNSHIP BOARD OF EDUCATION

120 N. Main St.

Mullica Hill, New Jersey 08062

(856) 478-2016

fax (856) 478-0699

Dr. Missy Peretti
Superintendent

Robert E. Scharlé
School Business Admin./Board Secretary

January 31, 2019

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

Dear Board Members and Constituents of Harrison Township:

The comprehensive annual financial report of the Harrison Township School District (District) for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels pre-K through 6. These include regular, as well as special education for gifted and handicapped youngsters. The District completed the 2017-2018 fiscal year with an enrollment of 1,410 students, which is 35 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

ATTENDANCE DATA
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Average Daily Attendance</u>	<u>% Change in Average Daily Enrollment</u>	<u>Attendance Percentage</u>
2017-18	1,395.8	1,336.8	(2.50%)	95.77%
2016-17	1,431.6	1,375.8	(1.95%)	96.10%
2015-16	1,460.2	1,398.7	(2.23%)	95.79%
2014-15	1,493.5	1,431.0	1.37%	95.82%
2013-14	1,473.3	1,417.5	2.18%	96.21%
2012-13	1,441.9	1,380.5	(2.73%)	95.74%
2011-12	1,482.30	1,426.30	(0.79%)	96.22%
2010-11	1,494.10	1,439.80	(3.39%)	96.37%
2009-10	1,546.60	1,483.2	2.23%	95.90%
2008-09	1,512.90	1,454.70	(1.47%)	96.15%

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

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

In the area of curriculum, our Mathematics and English Language Arts Curricula are aligned with the New Jersey Student Learning Standards (NJSLs). We will continue to follow any updates on the state level and will adjust our curriculum, as necessary, to ensure compliance. Our main resource in Language Arts Literacy is Pearson's Reading Street Series in Grades Kindergarten through Sixth and the Houghton Mifflin Harcourt's Math Expressions for Mathematics instruction in Grades Kindergarten through Fifth. We have also implemented a one to one Google Chrome Book initiative in grades two through six. In Kindergarten and First Grade, each classroom has been equipped with 4 iPads to assist in the supplemental and extension instruction with our youngest readers and mathematicians. In September, the Harrison Township School District implemented a full day kindergarten program for all students in order to support of goals of overall student achievement.₃

3) MAJOR INITIATIVES (Cont'd):

Staff training has also taken place in the following areas:

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

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2018.

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

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

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

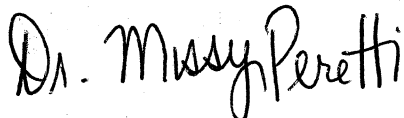
9) OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Inverso & Stewart, LLC, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 as amended in 1996 and the related OMB Circular A-133 and New Jersey OMB's Circular 15-08. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.


10) ACKNOWLEDGMENTS:

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

Respectfully submitted,



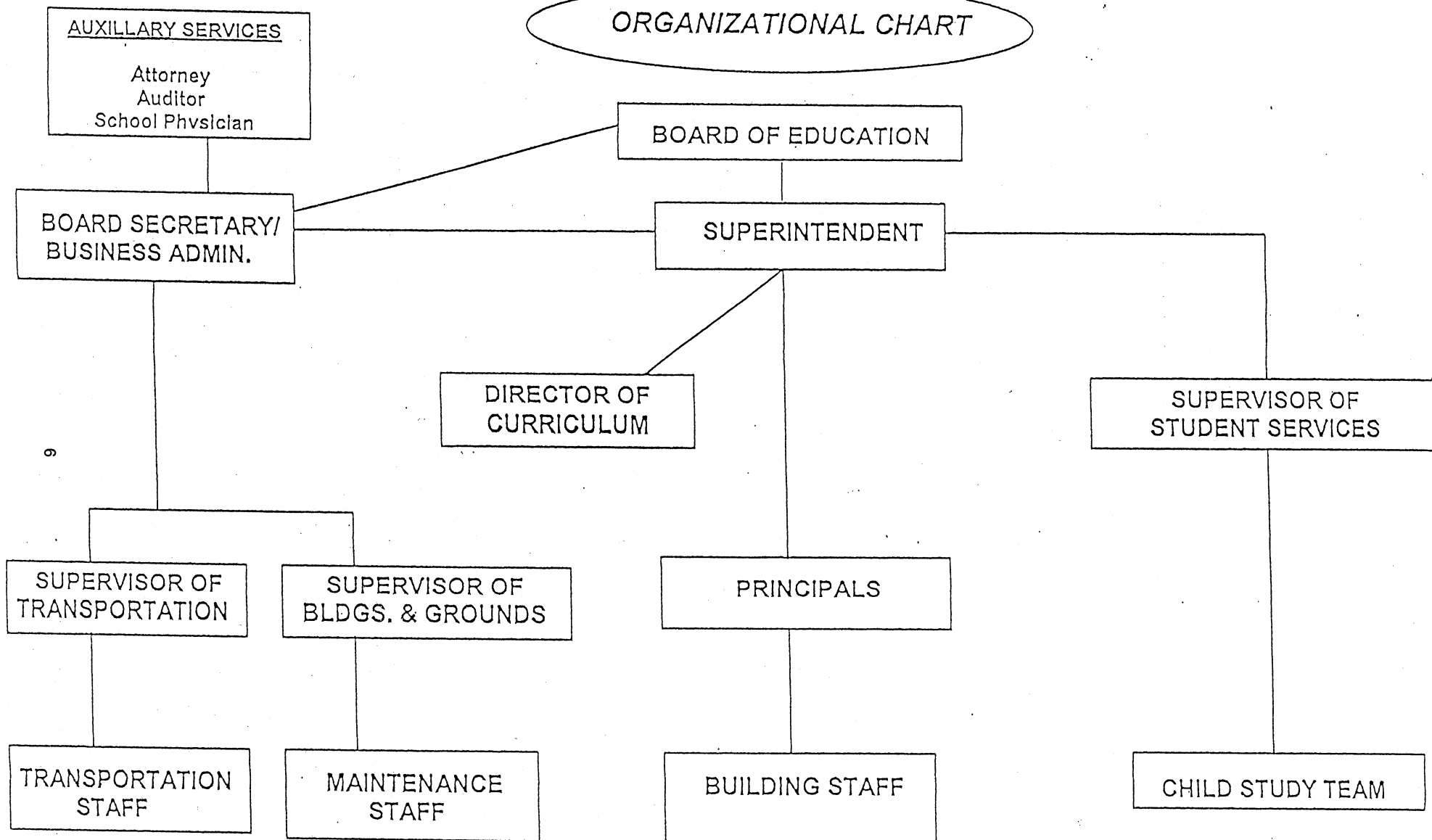
Dr. Missy Peretti
Superintendent



Robert E. Scharlé
School Business Administrator/Board Secretary

HARRISON TOWNSHIP SCHOOL DISTRICT
MULLICA HILL, NEW JERSEY

ORGANIZATIONAL CHART



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

**ROSTER OF OFFICIALS
JUNE 30, 2018**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Stacey Muscarella, President	2020
Joseph Schwab, Vice-President	2018
Walter Bright	2019
Cristie Clark	2020
Kristin DeSimone	2019
Stephen Houpt	2018
Mark Sterling	2018
Theresa Vaites	2018
Shannon Williams	2020

Other Officials

Dr. Missy Peretti, Superintendent

Robert E. Scharlé, School Business Administrator/Board Secretary

Robert Muccilli, Solicitor

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

Consultants and Advisors

AUDIT FIRM

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

ATTORNEY

Capehart & Scatchard
8000 Midlantic Drive – Suite 300
Mount Laurel, New Jersey 08054

FISCAL AGENT(S)

TD Bank
1701 Route 70 East
Cherry Hill, New Jersey 08034

OFFICIAL DEPOSITORY(S)

Century Savings Bank
100 N. Main Street
Mullica Hill, New Jersey 08062

Sterling National Bank
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Paramus, New Jersey 07652

Financial Section

INVERSO & STEWART, LLC
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American Institute of CPAs
New Jersey Society of CPAs

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Harrison Township School District, in the County of Gloucester, State of New Jersey, as of June 30, 2018, and the respective changes in financial position and where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

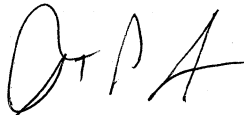
The accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 31, 2018 on my consideration of the Harrison Township School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Harrison Township School District's internal control over financial reporting and compliance.

INVERSO & STEWART, LLC
Certified Public Accountants

A handwritten signature in black ink, appearing to read 'R. P. Inverso', written in a cursive style.

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

Marlton, New Jersey
January 31, 2018

INVERSO & STEWART, LLC
 Certified Public Accountants

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-Member of-
 American Institute of CPAs
 New Jersey Society of CPAs

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

INDEPENDENT AUDITOR'S REPORT

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Harrison Township School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued my report thereon dated January 31, 2019.

Internal Control Over Financial Reporting

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

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

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

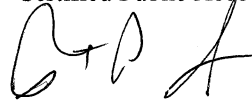
Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

INVERSO & STEWART, LLC
Certified Public Accountants



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

Marlton, New Jersey
January 31, 2019

Required Supplementary Information - Part I

Management's Discussion and Analysis

**Township of Harrison School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

As management of the Board of Education of the Township of Harrison, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$65,654 (*net position*).
- Governmental activities have unrestricted deficit net position of \$7,400,938. The accounting treatments in the governmental funds for compensated absences payable, net pension liability, the last two state aid payments, and the state statute that prohibits school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net position of the School District increased \$435,843, or a 117.74% increase from the prior fiscal year-end balance.
- Fund balance of the School District's governmental funds increased \$5,211,857 resulting in an ending fund balance of \$2,261,071. This increase is due to the results of operations in the capital projects fund.
- Business-type activities have unrestricted net position of \$58,568, which may be used to meet the School District's ongoing obligations of the food service operations.
- The School District's long-term obligations increased by \$1,434,737 which is the result of the bond issuance, payment of bond principal, payment of capital lease principal, decrease in pension liability, and an increase in compensated absences.

Overview of the Basic Financial Statements

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

District-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Notes to the Basic Financial Statements

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

Other Information

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

District-wide Financial Analysis

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2018. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2018.

The liabilities of the primary government activities exceeded assets by \$1,512 with an unrestricted deficit balance of \$7,400,937. The net position of the primary government does not include internal balances.

A net investment of \$4,935,734 in land, improvements, buildings, equipment and vehicles provides the services to the School District's 1,396 public school students. Net position of \$97,599 has been restricted to provide resources for future capital expansion and renovation projects; and \$553,761 has been restricted for maintenance while \$1,316,497 has been restricted for budget appropriation and \$495,834 reserved for year-end encumbrances.

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

**Township of Harrison School District
Comparative Summary of Net Position
As of June 30, 2018 and 2017**

	Governmental Activities		Business-Type Activities		District-Wide	
	2018	2017	2018	2017	2018	2017
ASSETS						
Current assets	\$ 3,849,540	\$ 4,373,324	\$ 70,149	\$ 63,767	\$ 3,919,689	\$ 4,437,091
Capital assets	13,715,148	14,490,387	8,598	9,364	13,723,746	14,499,751
Total assets	<u>17,564,688</u>	<u>18,863,711</u>	<u>78,747</u>	<u>73,131</u>	<u>17,643,435</u>	<u>18,936,842</u>
Deferred Outflows of Resources	<u>1,728,924</u>	<u>2,576,185</u>			<u>1,728,924</u>	<u>2,576,185</u>
LIABILITIES						
Current liabilities	2,794,525	8,539,372	11,581	16,845	2,806,106	8,556,217
Noncurrent liabilities	14,672,079	13,156,758			14,672,079	13,156,758
Total liabilities	<u>17,466,604</u>	<u>21,696,130</u>	<u>11,581</u>	<u>16,845</u>	<u>17,478,185</u>	<u>21,712,975</u>
Deferred Inflows of Resources	<u>1,828,520</u>	<u>170,241</u>			<u>1,828,520</u>	<u>170,241</u>
Net Position	<u>\$ (1,512)</u>	<u>\$ (426,475)</u>	<u>\$ 67,166</u>	<u>\$ 56,286</u>	<u>\$ 65,654</u>	<u>\$ (370,189)</u>
Net Position Consist of:						
Net investment in capital assets	\$ 4,935,734	\$ 9,559,773	\$ 8,598	\$ 9,364	\$ 4,944,332	\$ 9,569,137
Restricted Assets	2,463,691	(2,757,884)			2,463,691	(2,757,884)
Unrestricted Assets	<u>(7,400,937)</u>	<u>(7,228,364)</u>	<u>58,568</u>	<u>46,922</u>	<u>(7,342,369)</u>	<u>(7,181,442)</u>
Net Position	<u>\$ (1,512)</u>	<u>\$ (426,475)</u>	<u>\$ 67,166</u>	<u>\$ 56,286</u>	<u>\$ 65,654</u>	<u>\$ (370,189)</u>

Governmental Activities

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

- The increase is a result of the bond sale.

Business-type Activities

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

- The Food Service Program had a net gain of \$10,880.

Township of Harrison School District
Comparative Schedule of Changes in Net Position
As of and for the Fiscal Year Ended June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		District-Wide	
	2018	2017	2018	2017	2018	2017
Revenues:						
Charges for services	\$ -	\$ -	\$ 218,269	\$ 224,953	\$ 218,269	\$ 224,953
Operating grants and contributions	10,596,262	3,063,093	102,064	110,317	10,698,326	3,173,410
General Revenues						
Property taxes	12,857,325	12,563,880			12,857,325	12,563,880
State aid - unrestricted	6,206,597	6,211,573			6,206,597	6,211,573
Tuition	262,091	195,845			262,091	195,845
Other revenues	214,478	173,781			214,478	173,781
Total Revenues	30,136,753	22,208,172	320,333	335,270	30,457,086	22,543,442
Expenses:						
Governmental Activities:						
Instruction	9,805,168	9,493,873			9,805,168	9,493,873
Tuition	34,364	26,915			34,364	26,915
Related services	1,710,284	1,819,320			1,710,284	1,819,320
Administrative services	1,010,439	1,110,126			1,010,439	1,110,126
Operations and Maintenance	2,106,667	6,385,708			2,106,667	6,385,708
Transportation	1,198,694	1,238,284			1,198,694	1,238,284
Central Services	617,733	576,657			617,733	576,657
Employee benefits	12,991,252	6,134,889			12,991,252	6,134,889
Interest on debt	186,958	141,210			186,958	141,210
Other	50,231	51,949			50,231	51,949
Loss on disposal of capital assets					-	-
Business-Type Activities:						
Food Service			309,453	328,644	309,453	328,644
Total Expenses	29,711,790	26,978,931	309,453	328,644	30,021,243	27,307,575
Increase (Decrease) in Net Position before transfers	424,963	(4,770,759)	10,880	6,626	435,843	(4,764,133)
Transfers						
Change in Net Position	424,963	(4,770,759)	10,880	6,626	435,843	(4,764,133)
Net Position, July 1	(426,475)	4,344,284	56,286	49,660	(370,189)	4,393,944
Net Position, June 30	\$ (1,512)	\$ (426,475)	\$ 67,166	\$ 56,286	\$ 65,654	\$ (370,189)

Financial Analysis of the Governmental Funds

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

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$2,261,071, an increase of \$5,211,857 in comparison with the prior year.

The unreserved fund balance for the School District at the end of the fiscal year includes a deficit unreserved fund balance of \$202,620 in the General Fund, an unreserved fund balance of \$90,977 in Capital Projects Fund and \$1 in the Debt Service Fund. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) as restricted cash reserved for future capital outlay expenditures \$6,622, 2) appropriated as a revenue source in the subsequent year's budget \$651,913, 3) reserve for encumbrances \$495,834 4) reserved for maintenance \$553,761 or 5) reserved for future budget appropriation in accordance with state statutes \$664,584.

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

General Fund Budgetary Highlights

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

At the end of the current fiscal year, unreserved fund balance (budgetary basis) of the general fund was \$403,073, while total fund balance (budgetary basis) was \$2,775,787. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$21,030,483. Unreserved fund balance (budgetary basis) represents 1.92% of expenditures while total fund balance (budgetary basis) represents 13.19% of that same amount.

Capital Asset and Debt Administration

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2018, totaled \$13,723,746 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was \$776,005, or a 5.35% decrease. The decrease is primarily due to depreciation expense.

Capital Assets (net of accumulated depreciation) June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		District-Wide	
	2018	2017	2018	2017	2018	2017
Land	\$ 430,000	\$ 430,000			\$ 430,000	\$ 430,000
Building and Building Improvements	12,581,710	13,207,042			12,581,710	13,207,042
Equipment	703,438	853,345	\$ 8,598	\$ 9,364	712,036	862,709
Total	<u>\$ 13,715,148</u>	<u>\$ 14,490,387</u>	<u>\$ 8,598</u>	<u>\$ 9,364</u>	<u>\$ 13,723,746</u>	<u>\$ 14,499,751</u>

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

Long-term debt – During the fiscal year ended June 30, 2018, the School District had \$8,475,000 in serial bonds payable and \$501,676 in compensated absences.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$37,385,775. The available amount as of June 30, 2018 was \$28,910,775.

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

Economic Factors and Next Year's Budgets and Rates

The following factors were considered and incorporated into the preparation of the School District's budget for the 2018-19 fiscal year.

- For the 2018-19 fiscal year the School District will be receiving a slight decrease in state aid. The local tax levy in the General Fund increased by \$244,684 or 2.00%. The 2018-19 General Fund Budget increased \$36,993 over previous year. The tax rate for 2018 is \$.856, which is a slight increase from the previous year.

Requests for Information

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

Basic Financial Statements

District-Wide Financial Statements

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 3,225,421.42	\$ 54,988.77	\$ 3,280,410.19
Receivables, net	63,736.54	4,424.47	68,161.01
Inventory		10,735.92	10,735.92
Restricted assets:			
Capital reserve account	6,621.69		6,621.69
Maintenance reserve account	553,760.75		553,760.75
Capital assets, net (Note 5)	<u>13,715,148.00</u>	<u>8,598.00</u>	<u>13,723,746.00</u>
Total assets	<u>17,564,688.40</u>	<u>78,747.16</u>	<u>17,643,435.56</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources from pensions	<u>1,728,924.00</u>		<u>1,728,924.00</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>19,293,612.40</u>	<u>78,747.16</u>	<u>19,372,359.56</u>
LIABILITIES:			
Accounts payable			
Related to pensions	258,159.00		258,159.00
Other	57,992.61		57,992.61
Contracts payable	1,504,318.57		1,504,318.57
Intergovernmental payable:			
State	11,849.62		11,849.62
Unearned revenue	14,308.48	11,581.56	25,890.04
Accrued interest due within one year	126,191.12		126,191.12
Noncurrent liabilities:			
Due within one year	821,706.00		821,706.00
Due beyond one year	<u>14,672,079.05</u>		<u>14,672,079.05</u>
Total liabilities	<u>17,466,604.45</u>	<u>11,581.56</u>	<u>17,478,186.01</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of resources from pensions	<u>1,828,520.00</u>		<u>1,828,520.00</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>19,295,124.45</u>	<u>11,581.56</u>	<u>19,306,706.01</u>
NET POSITION:			
Net investment in capital assets	4,935,734.00	8,598.00	4,944,332.00
Restricted for:			
Debt Service	0.31		0.31
Capital Projects	97,598.84		97,598.84
Other purposes	2,366,092.37		2,366,092.37
Unrestricted	<u>(7,400,937.57)</u>	<u>58,567.60</u>	<u>(7,342,369.97)</u>
Total net position	<u>\$ (1,512.05)</u>	<u>\$ 67,165.60</u>	<u>\$ 65,653.55</u>

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 6,952,533.16	\$ -	\$ 57,325.35	\$ -	\$ (6,895,207.81)	\$ -	\$ (6,895,207.81)
Special education	1,932,874.07		233,711.14		(1,699,162.93)		(1,699,162.93)
Other instruction	919,760.71				(919,760.71)		(919,760.71)
Support Services:							
Tuition	34,364.00				(34,364.00)		(34,364.00)
Student & instruction related services	1,710,283.84		101,154.43		(1,609,129.41)		(1,609,129.41)
General administrative services	427,297.54				(427,297.54)		(427,297.54)
School administrative services	583,141.29				(583,141.29)		(583,141.29)
Central services	617,733.35				(617,733.35)		(617,733.35)
Plant operations and maintenance	2,106,666.93				(2,106,666.93)		(2,106,666.93)
Pupil transportation	1,198,693.90				(1,198,693.90)		(1,198,693.90)
Unallocated employee benefits	12,991,251.68		9,898,986.25		(3,092,265.43)		(3,092,265.43)
Transfer to Charter Schools	9,089.00				(9,089.00)		(9,089.00)
Interest and other costs on long-term debt	186,958.06		305,085.00		118,126.94		118,126.94
Unallocated depreciation and amortization	41,142.00				(41,142.00)		(41,142.00)
Total governmental activities	<u>29,711,789.53</u>	<u>-</u>	<u>10,596,262.17</u>	<u>-</u>	<u>(19,115,527.36)</u>	<u>-</u>	<u>(19,115,527.36)</u>
Business-type activities:							
Food service program	309,453.41	218,268.76	102,064.24	-	-	10,879.59	10,879.59
Total business-type activities	<u>309,453.41</u>	<u>218,268.76</u>	<u>102,064.24</u>	<u>-</u>	<u>-</u>	<u>10,879.59</u>	<u>10,879.59</u>
Total primary government	<u>30,021,242.94</u>	<u>218,268.76</u>	<u>10,698,326.41</u>	<u>-</u>	<u>(19,115,527.36)</u>	<u>10,879.59</u>	<u>(19,104,647.77)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					12,234,206.00		12,234,206.00
Taxes levied for debt service					623,119.00		623,119.00
Federal and state aid not restricted					6,206,597.48		6,206,597.48
Tuition charges					262,090.69		262,090.69
Transportation charges					76,062.00		76,062.00
Investment earnings					2,493.61		2,493.61
Miscellaneous income					135,922.01		135,922.01
Total general revenues, special items, extraordinary items and transfers					<u>19,540,490.79</u>	<u>-</u>	<u>19,540,490.79</u>
Change in Net Position					424,963.43	10,879.59	435,843.02
Net Position - July 1					(426,475.48)	56,286.01	(370,189.47)
Net Position - June 30					<u>\$ (1,512.05)</u>	<u>\$ 67,165.60</u>	<u>\$ 65,653.55</u>

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

Fund Financial Statements

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2018

ASSETS	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 1,630,125.39	\$ -	\$ 1,595,295.72	\$ 0.31	\$ 3,225,421.42
Receivables, net	39,833.00	17,903.54			57,736.54
Interfund receivable	11,445.44				11,445.44
Restricted cash and cash equivalents	560,382.44				560,382.44
Total assets	2,241,786.27	17,903.54	1,595,295.72	0.31	3,854,985.84
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	57,992.61				57,992.61
Contracts payable			1,504,318.57		1,504,318.57
Temporary note payable					-
Intergovernmental payable:					
State		11,849.62			11,849.62
Unearned revenues	13,700.00	608.48			14,308.48
Interfund payable		5,445.44			5,445.44
Total liabilities	71,692.61	17,903.54	1,504,318.57	-	1,593,914.72
Fund Balances:					
Restricted for:					
Excess surplus	664,584.19				664,584.19
Excess Surplus - Designated for Subsequent Year's Expenditures	624,981.68				624,981.68
Capital reserve account	6,621.69				6,621.69
Maintenance reserve account	553,760.75				553,760.75
Assigned to:					
Year-end encumbrances	495,834.43				495,834.43
Designated for subsequent year's expenditures	26,931.32				26,931.32
Unassigned	(202,620.40)		90,977.15	0.31	(111,642.94)
Total fund balances	2,170,093.66	-	90,977.15	0.31	2,261,071.12
Total liabilities and fund balances	\$ 2,241,786.27	\$ 17,903.54	\$ 1,595,295.72	\$ 0.31	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$30,164,590.00 and the accumulated depreciation is \$16,449,442.00.	13,715,148.00
Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the funds.	(126,191.12)
Accounts payable related to the April 1, 2019 required PERS contribution that is not to be liquidated with current financial resources.	(258,159.00)
The District's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:	
Deferred Outflows of resources from Pensions	1,728,924.00
Net Pension Liability	(6,212,695.00)
Deferred Inflows of resources from Pensions	(1,828,520.00)
	(6,312,291.00)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Serial bonds payable	(8,779,414.00)
Capital leases payable	-
Compensated absences	(501,676.05)
	(9,281,090.05)
Net position of governmental activities	\$ (1,512.05)

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
for the Fiscal Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 12,234,206.00	\$ -	\$ -	\$ 623,119.00	\$12,857,325.00
Tuition charges	262,090.69				262,090.69
Transportation fees	76,062.00				76,062.00
Capital Reserve - Interest earned	19.88				19.88
Maintenance Reserve - Interest earned	2,473.73				2,473.73
Miscellaneous	131,530.49	4,391.52			135,922.01
Total revenues-local sources	12,706,382.79	4,391.52	-	623,119.00	13,333,893.31
State sources	8,884,841.73	49,031.38		305,085.00	9,238,958.11
Federal sources		343,236.54			343,236.54
Total revenues	21,591,224.52	396,659.44	-	928,204.00	22,916,087.96
EXPENDITURES:					
Current expense:					
Regular instruction	6,288,755.83	57,325.35			6,346,081.18
Special education instruction	1,699,162.93	233,711.14			1,932,874.07
Other instruction	919,760.71				919,760.71
Support services and undistributed costs:					
Tuition	34,364.00				34,364.00
Student & instruction related services	1,609,129.41	101,154.43			1,710,283.84
General administrative services	345,012.54				345,012.54
School administrative services	583,141.29				583,141.29
Central services	617,733.35				617,733.35
Plant operations and maintenance	1,893,875.50				1,893,875.50
Pupil transportation	1,198,693.90				1,198,693.90
Unallocated employee benefits	5,696,954.16	4,468.52			5,701,422.68
Capital outlay	134,810.00		67,163.43		201,973.43
Transfer to Charter School	9,089.00				9,089.00
Debt service:					
Principal				755,000.00	755,000.00
Interest and other charges				179,925.00	179,925.00
Total expenditures	21,030,482.62	396,659.44	67,163.43	934,925.00	22,429,230.49
Excess (deficiency) of revenues over (under) expenditures	560,741.90	-	(67,163.43)	(6,721.00)	486,857.47
Other Financing Sources (Uses):					
Bond Proceeds			4,725,000.00		4,725,000.00
Transfers in					-
Transfers out					-
Total other financing sources (uses)	-	-	4,725,000.00	-	4,725,000.00
Net change in fund balance	560,741.90	-	4,657,836.57	(6,721.00)	5,211,857.47
Fund balances, July 1	1,609,351.76		(4,566,859.42)	6,721.31	(2,950,786.35)
Fund balances, June 30	\$ 2,170,093.66	\$ -	\$ 90,977.15	\$ 0.31	\$ 2,261,071.12

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
for the Fiscal Year Ended June 30, 2018

Total net change in fund balances - governmental funds (from B-2)	\$	5,211,857.47
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p style="margin-left: 40px;">Capital outlays are reported in the governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current fiscal year.</p>		
Depreciation expense	\$ (822,848.00)	
Loss on Disposal of Assets		
Capital outlay	47,609.00	(775,239.00)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities.		755,000.00
The proceeds of a bond issue is an other financing source of revenue in the governmental funds but is not reported in the statement of activities.		(4,725,000.00)
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences.		56,200.00
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities.		65,000.00
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.		(63,233.06)
Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities.		(69,164.00)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		(30,457.98)
Change in net position of governmental activities	\$	424,963.43

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2018

	<u>Business-type Activities Enterprise Funds</u>
	<u>2018</u>
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 54,988.77
Accounts receivable	4,424.47
Inventories	<u>10,735.92</u>
Total current assets	<u>70,149.16</u>
Noncurrent assets:	
Equipment	303,582.00
Less accumulated depreciation	<u>(294,984.00)</u>
Total noncurrent assets	<u>8,598.00</u>
Total assets	<u><u>\$ 78,747.16</u></u>
 LIABILITIES:	
Current liabilities:	
Accounts Payable	\$ -
Unearned revenue	<u>11,581.56</u>
Total liabilities	<u>11,581.56</u>
 NET ASSETS:	
Invested in capital assets net of related debt	8,598.00
Unrestricted	<u>58,567.60</u>
Total net position	<u><u>\$ 67,165.60</u></u>

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
for the Fiscal Year Ended June 30, 2018

	Business-type Activities Enterprise Funds
	2018
Operating revenues:	
Charges for services:	
Daily sales-reimbursable programs	\$ 116,062.21
Daily sales-non-reimbursable programs	102,206.55
	218,268.76
Total operating revenue	218,268.76
Operating expenses:	
Salaries	131,929.96
Benefits	11,871.39
Supplies and materials	12,700.17
Depreciation	3,049.00
Management fee	20,557.32
Direct expenses	259.37
Repairs and maintenance	4,834.35
Cost of sales - reimbursable programs	93,510.97
Cost of sales - non-reimbursable programs	30,740.88
	309,453.41
Total operating expenses	309,453.41
Operating income (loss)	(91,184.65)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	3,168.76
Federal sources:	
National school lunch program	70,025.33
Milk	1,446.58
U.S.D.A. commodities	27,423.57
	102,064.24
Total nonoperating revenues (expenses)	102,064.24
Change in net position	10,879.59
Total net position - July 1	56,286.01
Total net position - June 30	\$ 67,165.60

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
for the Fiscal Year Ended June 30, 2018

	<u>Business-type Activities Enterprise Funds</u>
	<u>2018</u>
Cash flows from operating activities:	
Receipts from customers	\$ 220,091.64
Payments to employees	(143,801.35)
Payments to suppliers	(140,771.18)
Net cash used for operating activities	<u>(64,480.89)</u>
Cash flows from noncapital financing activities:	
State sources	3,125.65
Federal sources	73,377.54
Net cash provided by non-capital financing activities	<u>76,503.19</u>
Cash flows from capital activities:	
Purchases of fixed assets	(2,283.00)
	<u>(2,283.00)</u>
Cash flows from investing activities:	
Interest and dividends	<u> </u>
Net cash provided by investing activities	<u> </u>
Net increase in cash and cash equivalents	9,739.30
Balances - July 1	<u>45,249.47</u>
Balances - June 30	<u>\$ 54,988.77</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (91,184.65)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	3,049.00
Federal commodities	27,423.57
(Increase) decrease in accounts receivable	
(Increase) decrease in inventories	1,494.29
Increase (decrease) in accounts payable	(7,085.98)
Increase (decrease) in deferred revenue	1,822.88
Total adjustments	<u>26,703.76</u>
Net cash provided by (used for) operating activities	<u>\$ (64,480.89)</u>

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	<u>Unemployment Compensation</u>	<u>Flexible Spending Account</u>	<u>Agency Funds</u>
ASSETS:			
Cash and cash equivalents	\$ 147,230.23	\$ 6,863.40	\$ 37,099.64
Accounts Receivable			8,485.00
	<u>147,230.23</u>	<u>6,863.40</u>	<u>45,584.64</u>
Total assets			
	<u>147,230.23</u>	<u>6,863.40</u>	<u>45,584.64</u>
LIABILITIES:			
Payroll deductions and withholdings	\$ -	\$ -	\$ 2,603.08
Accounts payable	350.25		
Due to student groups			42,981.56
Interfund payable		6,000.00	
	<u>-</u>	<u>6,000.00</u>	<u>45,584.64</u>
Total liabilities			
	<u>-</u>	<u>\$ 6,000.00</u>	<u>\$ 45,584.64</u>
Net Position:			
Held in trust for unemployment claims	<u>\$ 146,879.98</u>		
Held in trust for claims		<u>\$ 863.40</u>	

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2018

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Account</u>
ADDITIONS:		
Board contributions	\$	\$ -
Employee contributions	31,531.25	18,350.00
Interest on Investments	332.59	
Net contributions	<u>31,863.84</u>	<u>18,350.00</u>
DEDUCTIONS:		
Flexible Spending Account Claims		20,376.93
Unemployment Claims	12,493.85	
Total deductions	<u>12,493.85</u>	<u>20,376.93</u>
Change in net position	19,369.99	(2,026.93)
Net position - July 1	<u>127,509.99</u>	<u>2,890.33</u>
Net position - June 30	<u>\$ 146,879.98</u>	<u>\$ 863.40</u>

Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Township of Harrison School District (District) is a Type II school district located in Gloucester County, New Jersey and covers an area of approximately 20 miles. As a Type II school district, it functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the District is to provide educational services for all of the Township of Harrison's students in grades K through 6. The Township of Harrison School District has an approximate enrollment at June 30, 2018 of 1,396 students.

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

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

Basis of Presentation

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

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

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

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Statements (Continued) - The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements - During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary fund is reported by type. The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

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

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

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, district taxes and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

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

Capital Projects Fund - The capital projects fund is used to account and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes or serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The School District's enterprise fund is:

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

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

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

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

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

Measurement Focus

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

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

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

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Basis of Accounting

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual, as under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year since the revenue is both measurable and available. The School District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

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

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

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

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets/Budgetary Control (Continued) - Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the special revenue fund. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the budgetary basis. The budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports. The budget, as detailed on Exhibit C-1, Exhibit C-2 and Exhibit I-3, includes all amendments to the adopted budget, if any.

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

Encumbrances - Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Encumbrances are a component of fund balance at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Open encumbrances in governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

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

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

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

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

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

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Tuition Payable - Tuition charges for the fiscal years ended June 30, 2018 and 2017 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

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

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

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

Prepaid Expenses - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

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

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

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

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

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

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

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or law or regulations of other governments.

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

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

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts. The School District had no nonspendable fund balance at June 30, 2018.

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

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

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

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

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

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

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

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

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

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

In April 2018, the GASB issued Statement 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management is currently evaluating the impact of the adoption of this Statement on the District's financial statements.

In June 2018, the GASB issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this Statement on the District's financial statements.

2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School district in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings of funds that pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the School District's amount on deposit of \$4,718,237 as of June 30, 2018, \$500,000 was insured under FDIC and the remaining balance of \$4,218,237 was collateralized under GUDPA.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

3. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

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

Balance – July 1, 2017	\$	6,602
Increased by:		
Transfer from Capital Projects		
Interest Earned		20
		6,622
Decreased by:		
		-
Balance – June 30, 2018	\$	6,622

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

4. ACCOUNTS RECEIVABLE

Receivables at June 30, 2018 consisted of tuition fees charged other governmental units and governmental grants. All receivables are considered collectible in full due to the stable condition of the other governmental units, state programs and the current fiscal year guarantee of federal funds.

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

	General Fund	Special Revenue Fund	Proprietary Funds	Total
State Aid	\$ 35,940	\$ -	\$ 192	\$ 36,132
Federal Aid		17,904	4,233	22,137
Tuition fees	3,893			3,893
Other	_____	_____	_____	_____
Total	\$ 39,833	\$ 17,904	\$ 4,425	\$ 62,162

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

5. CAPITAL ASSETS

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

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2018</u>
Governmental Activities:				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 430,000	\$ -	\$ -	\$ 430,000
Construction in progress	_____	_____	_____	_____
Total capital assets, not being Depreciated	<u>430,000</u>	_____	_____	<u>430,000</u>
<i>Capital Assets, being depreciated:</i>				
Site and Site Improvements	1,232,803			1,232,803
Building and Building Improvements	25,172,745			25,172,745
Equipment (Restated)	<u>3,319,139</u>	<u>47,609</u>	<u>(37,706)</u>	<u>3,329,042</u>
Totals at historical cost	<u>29,724,687</u>	<u>47,609</u>	<u>(37,706)</u>	<u>29,734,590</u>
<i>Less Accumulated Depreciation:</i>				
Site and Site Improvements	(1,137,903)	(22,568)		(1,160,471)
Building and Building Improvements	(12,060,603)	(602,764)		(12,663,367)
Equipment (Restated)	<u>(2,465,794)</u>	<u>(197,516)</u>	<u>37,706</u>	<u>(2,625,604)</u>
Totals accumulated depreciation	<u>(15,664,300)</u>	<u>(822,848)</u>	<u>37,706</u>	<u>(16,449,442)</u>
Total Capital Assets, being depreciated, net	<u>14,060,387</u>	<u>(775,239)</u>	_____	<u>13,285,148</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,490,387</u>	<u>\$ (775,239)</u>	<u>\$ (21,893)</u>	<u>\$ 13,715,148</u>
Business-Type Activities:				
<i>Capital Assets, being depreciated:</i>				
Equipment	\$ 301,299	\$ 2,283	\$ -	\$ 303,582
Less accumulated depreciation	<u>(291,935)</u>	<u>(3,049)</u>	_____	<u>(294,984)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 9,364</u>	<u>\$ (766)</u>	<u>\$ -</u>	<u>\$ 8,598</u>

Depreciation expense in the amount of \$822,848 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Instruction	\$ 575,994
General Administration	82,285
Plant Operations and Maintenance	123,427
Unallocated	<u>41,142</u>
Total	<u>\$ 822,848</u>

6. INVENTORY

Inventory in the Food Service Fund at June 30, 2018 consisted of the following:

Food Supplies	\$ 9,743
	<u>993</u>
	<u>\$ 10,736</u>

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

7. LONG-TERM OBLIGATIONS

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

<u>Governmental Activities:</u>	<u>Principal Outstanding July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2018</u>	<u>Amounts Due Within One Year</u>
Serial Bonds Payable	\$ 4,505,000	\$ 4,725,000	\$ 755,000	\$ 8,475,000	\$ 760,000
Unamortized Premiums	360,614		56,200	304,414	56,200
Capital Leases Payable	65,000		65,000	-	
Compensated Absences	471,218	30,458		501,676	5,506
Net Pension Liability	<u>8,657,216</u>		<u>2,444,521</u>	<u>6,212,695</u>	
Total Governmental Activity	<u>\$ 14,059,048</u>	<u>\$ 4,755,458</u>	<u>\$ 3,320,721</u>	<u>\$ 15,493,785</u>	<u>\$ 821,706</u>

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

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

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

Debt Service Requirements

Principal and interest due on bonds outstanding is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 760,000	\$ 291,447	\$ 1,051,447
2020	780,000	235,850	1,015,850
2021	825,000	208,650	1,033,650
2022	850,000	179,650	1,029,650
2023	875,000	149,650	1,024,650
2024-2028	2,460,000	412,150	2,872,150
2029-2033	<u>1,925,000</u>	<u>138,625</u>	<u>2,063,625</u>
	<u>\$ 8,475,000</u>	<u>\$ 1,616,022</u>	<u>\$ 10,091,022</u>

As of June 30, 2018 the District had no authorized but not issued bonds.

Compensated Absences

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

8. OPERATING LEASES

At June 30, 2018, the District had operating lease agreements in effect for copiers.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

8. OPERATING LEASES (Continued)

Total operating lease payments made during the year ended June 30, 2018, and 2017 were \$64,164 and \$36,229 respectively. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2019	\$ 30,669
June 30, 2020	17,668
June 30, 2021	2,872
June 30, 2022	1,212
Total future minimum lease payments	<u>\$ 52,421</u>

9. PENSION PLANS

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

Teachers' Pension and Annuity Fund (TPAF)

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

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

The following represents the membership tiers for TPAF:

<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 21, 2010
4	Members who were eligible to enroll on or after May 21, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

9. PENSION PLANS (Continued)

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

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

Contributions - The contribution requirements of plan members are determined by N.J.S.A.18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount.

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

The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2018 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2017, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2018 was \$897,751 and was paid by April 1, 2018. School District employee contributions to the pension plan during the fiscal year ended June 30, 2018 were \$669,117.

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

At June 30, 2018, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

For the year ended June 30, 2018, the School District recognized pension expense of \$3,734,207 and revenue of \$3,734,207 for support provided by the State. Although the School District does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the School District.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

9. PENSION PLANS (Continued)

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

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

	06/30/17	06/30/16
Collective deferred outflows of resources	\$ 14,160,879,257	\$ 17,414,701,002
Collective deferred inflows of resources	11,800,239,661	134,532,594
Collective net pension liability (Non-Employer – State of New Jersey)	67,423,605,859	79,028,907,033
State's portion of the net pension liability that was associated with the School District	53,904,154	62,453,282
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	.0799484884%	.0793900680%

Actuarial assumptions – The 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: 2.25%
- Salary Increases: 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.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 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.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

9. PENSION PLANS (Continued)

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

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 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	05.00%	05.51%
Cash Equivalents	05.50%	01.00%
U.S. Treasuries	03.00%	01.87%
Investment grade credit	10.00%	03.78%
Public high yield	02.50%	06.82%
Global diversified credit	05.00%	07.10%
Credit oriented hedge funds	01.00%	06.60%
Debt related private equity	02.00%	10.63%
Debt related real estate	01.00%	06.61%
Private real asset	02.50%	11.83%
Equity related real estate	06.25%	09.23%
U.S. Equity	30.00%	08.19%
Non-U.S. developed markets equity	11.50%	09.00%
Emerging markets equity	06.50%	11.64%
Buyouts/venture capital	08.25%	1308%
	<u>100.00%</u>	

Discount rate. The discount rate used to measure the State's 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 (State of New Jersey) 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 School District's proportionate share of the net pension liability to changes in the discount rate. As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2017, the pension plans measurement date, attributable to the School District is \$0.00, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 4.25%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.25%) or 1 percentage point higher (5.25%) than the current rate:

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

9. PENSION PLANS (Continued)

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

	<u>1% Decrease</u> ▼ (3.25%)	<u>Current</u> <u>Discount Rate</u> ▼ (4.25%)	<u>1% Increase</u> ▼ (5.25%)
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	<u>64,039,826</u>	<u>53,904,154</u>	<u>45,554,344</u>
	<u>\$ 64,039,826</u>	<u>\$ 53,904,154</u>	<u>\$ 45,554,344</u>

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

Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

<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 21, 2010
4	Members who were eligible to enroll on or after May 21, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

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

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Contributions - The contribution requirements of plan members are determined by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 336, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2018 was 13.66% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2017, the School Districts contractually required contribution to the pension plan for the fiscal year ended June 30, 2018 was \$247,242 and was paid by April 1, 2018. School District employee contributions to the pension plan during the fiscal year ended June 30, 2018 were \$139,940.

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

<u>Fiscal Year</u>	<u>Normal Contributions</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Longterm Disability</u>	<u>Total Liability Paid by District</u>
2018	\$ 32,542	\$ 202,649	\$ 12,051	\$ 2,772	\$ 250,014
2017	40,619	206,716	12,344		259,679
2016	43,499	200,384	13,058		256,941

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

At June 30, 2018, the School District reported a liability of \$6,212,695 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The School District's proportion of the of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

For the year ended June 30, 2018, the School District recognized pension expense of \$316,404. At June 30, 2018, the School District reported a liability of \$6,212,695 for its proportionate share of the PERS net pension liability and deferred outflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 146,288	\$ -
Changes of assumptions	1,251,644	1,247,055
Net Difference between projected and actual earnings on pension plan investments	42,304	
Changes in proportion	30,529	581,465
District contributions subsequent to the measurement date	258,159	
Total	\$ 1,728,924	\$ 1,828,520

\$258,159 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net 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:

For the year ended:	Net Deferred Outflows/(Inflows) of Resources
2019	\$ (57,208)
2020	50,283
2021	(47,783)
2022	(263,337)
2023	(39,710)
Total	\$ (357,755)

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
Changes of assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
Net Difference between projected and actual earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
Changes in proportion		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57

Additional Information

Collective balances at June 30, 2017 and 2016 are as follows:

	<u>6/30/2017</u>	<u>6/30/2016</u>
Collective deferred outflows of resources	\$ 6,424,455,842	\$ 8,685,338,380
Collective deferred inflows of resources	\$ 5,700,625,981	\$ 870,133,595
Collective net pension liability	\$ 23,278,401,588	\$ 29,617,131,759
School District's Proportion	.0266886674%	.0292304339%

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Actuarial assumptions – The 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 2025: 1.65-4.15% based on age
 Thereafter: 2.65-5.15% based on age
Investment Rate of Return: 7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active employees. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disables Mortality Table (set back 3 years for males and set forward 1 year for females).

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. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% 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.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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	05.00%	05.51%
Cash equivalents	05.50%	01.00%
U.S. Treasuries	03.00%	01.87%
Investment grade credit	10.00%	03.78%
Public high yield	02.50%	06.82%
Global diversified credit	05.00%	07.10%
Credit oriented hedge funds	01.00%	06.60%
Debt related private equity	02.00%	10.63%
Debt related real estate	01.00%	06.61%
Private real assets	02.50%	11.83%
Equity related real estate	06.25%	09.23%
U.S. Equity	30.00%	08.19%
Non-U.S. developed markets equity	11.50%	09.00%
Emerging markets equity	06.50%	11.64%
Buyouts/venture capital	08.25%	13.08%
	<u>100.00%</u>	

Discount rate. The discount rate used to measure the State's 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. The state employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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 School District's proportionate share of the net pension liability to changes in the discount rate. The following presents the School District's proportionate share of the net pension liability measured as of June 30, 2017, calculated using the discount rate of 5.00%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.00%) or 1 percentage point higher (6.00%) than the current rate:

	<u>1% Decrease (4.00%)</u>	<u>Current Discount Rate (5.00%)</u>	<u>1% Increase (6.00%)</u>
School Districts's proportionate share of the net pension liability	\$ 7,707,270	\$ 6,212,695	\$ 4,967,529

Pension Plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

9. PENSION PLANS (Continued)

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

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

<u>Year</u>	<u>Employer Liability</u>	<u>Paid by School District</u>
2018	\$ 19,696	\$ 19,696
2017	19,957	19,957
2016	18,943	18,943

10. POST-RETIREMENT BENEFITS

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

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service (GASB Cod. Sec. 2300.106(g)). The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

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

Employees covered by benefit terms. At June 30, 2017, the following employees were covered by the benefit terms:

TPAF participant retirees:

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.

PERS participant retirees:

The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

10. POST-RETIREMENT BENEFITS (Continued)

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the school district. Note that actual numbers will be published in the NJ State's CAFR (<https://www.nj.gov/treasury/omb/publications/archives.shtml>)

Actuarial assumptions and other imputes - The total nonemployer OPEB liability as of the June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member enrolled in.

This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.50%		
	TPAF/ABP	PERS	PFRS
Salary Increases Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age	2.10 - 8.98% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age	3.10 - 9.98% 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 in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013 and July 1, 2011 – June 30, 2014 for TPAF, PFRS, and PERS, respectively.

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

Discount Rate - The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represent 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.

Retirees' Share of Benefit Related Costs - Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

10. POST-RETIREMENT BENEFITS (Continued)

The percentage of the premium for which the retirees will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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

	Total OPEB Liability
Balance as of June 30, 2106 Measurement Date	\$ 57,831,784,184
Changes for the years'	
Service Cost	\$ 2,391,878,884
Interest	1,699,441,736
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	(7,086,599,129)
Gross Benefit Payments	(1,242,412,566)
Contributions from the Non-employer	N/A
Contributions from the Member	45,748,749
Net Investment Income	N/A
Administrative Expense	N/A
Net Changes	\$ (4,191,942,326)
Balance at 06/30/2017	\$ 53,639,841,858

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

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total nonemployer OPEB liability of the State as of June 30, 2017 for school board retirees, as well as what the State's total OPEB liability for school board would be if it were calculated using a discount rate that is 1-percentage-point lower or 1percentage-point higher than the current discount rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB Liability (School Retirees)	\$ 63,674,362,200	\$ 53,639,841,858	\$ 45,680,364,953

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates - The following presents the total nonemployer OPEB liability of the State as of June 30, 2107, as well as what the State's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ 44,113,584,560	\$ 53,639,841,858	\$ 66,290,599,457

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2017, the board of education recognized OPEB expense of \$3,170,054 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

10. POST-RETIREMENT BENEFITS (Continued)

In accordance with GASBS No. 75, the school district's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>06/30/17</u>
Collective deferred outflows of resources	\$ 99,843,255
Collective deferred inflows of resources	6,443,612,287
Collective net OPEB liability (Non-Employer – State of New Jersey)	53,639,841,858
State's portion of the net OPEB liability that was associated with the School District	43,144,768
State's portion of the net OPEB liability that was associated with the School District as a percentage of the collective net OPEB liability	0.08%

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 99,843,255	\$ 99,843,255
Changes of assumptions	-	6,343,769,032
Total	\$ 99,843,255	\$ 6,443,612,287

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

For the year ended:	
2018	\$ (742,830,097)
2019	(742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
Therafter	(2,629,618,547)
Total	\$ (6,343,769,032)

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

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

11. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2018, the School District has recognized as revenues and expenditures on-behalf payments made by the state for normal retirement costs, post-retirement medical costs and long term disability insurance related to TPAF, in the fund statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs and long term disability insurance were \$1,226,496, \$792,167, and \$1,219, respectively. In addition, \$653,971 on-behalf payments were made by the state for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters. The District has chosen to purchase insurance to transfer risk to outside parties.

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

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

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

The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior four years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>	
2017-2018	\$	\$	31,531	\$ 333	\$ 12,494	\$ 146,880
2016-2017			33,424	428	22,092	127,510
2015-2016	10,000	31,660	283	11,336	115,750	
2014-2015	5,280	30,511	165	50,342	85,143	
2013-2014	10,000	29,852	155	19,306	99,529	

13. DEFERRED COMPENSATION

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

14. COMPENSATED ABSENCES

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

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

14. COMPENSATED ABSENCES (Continued)

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2018, the liability for compensated absences in the governmental fund was \$501,676.

15. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables/payables are recorded to cover temporary cash shortages and/or timing differences in the respective funds. There are no interfund balances that are not expected to be repaid by June 30, 2019. The following interfund balances were recorded on the various balance sheets as of June 30, 2018:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 11,445	\$ -
Special Revenue		5,445
Fiduciary		6,000
	<u>\$ 11,445</u>	<u>\$ 11,445</u>

16. CONTINGENCIES

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

At June 30, 2018, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District. Additionally, unearned revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

17. TAX ABATEMENTS

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

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

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

17. TAX ABATEMENTS (Continued)

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

The assessed value on these tax exemption properties amounted to \$20,931,700 which would have resulted in 2017 taxes billed in full of \$591,321. A portion of the \$591,321 abatement would have been allocated to the District.

18. DEFICIT UNASSIGNED FUND BALANCE

The School District has a deficit unassigned fund balance of \$202,620, in the General Fund as of June 30, 2018 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenues, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payment, the general and special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties. Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$202,620 is equal to or less than the June state aid payment.

19. DEFICIT UNRESTRICTED NET POSITION

As of June 30, 2018, a deficit of \$7,400,937 existed in the Unrestricted Net position of the Governmental Activities. A reconciliation of Unreserved Fund Balance reported on Exhibit B-1 to Unrestricted Net position reported on Exhibited A-1 as follows:

Balances June 30, 2018	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds):	
Fund Balance – Unassigned	\$ (202,620)
Liabilities:	
Accrued Interest Payable	(126,191)
Net Pension Differences	(6,570,450)
Compensated Absences	<u>(501,676)</u>
Unrestricted Net position (Deficit)	<u>\$ (7,400,937)</u>

20. FUND BALANCES

RESTRICTED

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

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

20. FUND BALANCES (Continued)

General Fund:

Excess Surplus – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund, fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2018 is \$664,584 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$624,982 of excess fund balance generated during the 2016-2017 fiscal year has been restricted and designated for utilization in the 2018-2019 budget.

Capital Reserve – As of June 30, 2018, the balance in the capital reserve account is \$6,622 and is restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan.

Maintenance Reserve Account – As of June 30, 2018, the balance in the maintenance reserve account is \$553,761. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

ASSIGNED

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

General Fund:

Other Purposes – At June 30, 2018 the School District has \$495,834 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

Designated for Subsequent Year's Expenditures – The School District has appropriated \$26,931 anticipated revenue for the fiscal year ending June 30, 2018.

UNASSIGNED

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

General Fund – As of June 30, 2018, the unassigned fund balance of the general fund was a deficit of (\$202,620). The deficit is a result of the delay in the recording of the payment of state aid until the following fiscal year (See Note 18).

Capital Projects Fund – As of June 30, 2018, the unassigned fund balance of the capital projects fund was 90,977.15.

Required Supplementary Information - Part II

Budgetary Comparison Schedules

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 12,234,206.00	\$ -	\$ 12,234,206.00	\$ 12,234,206.00	\$ -
Tuition - Individuals	23,000.00		23,000.00	97,515.00	74,515.00
Tuition - Other LEA's	57,000.00		57,000.00	164,575.69	107,575.69
Transportation Fees	50,000.00		50,000.00	76,062.00	26,062.00
Interest Earned on Capital Reserve Funds	2.00		2.00	19.88	17.88
Interest Earned on Maintenance Reserve Funds	8.00		8.00	2,473.73	2,465.73
Miscellaneous	40,000.00		40,000.00	131,530.49	91,530.49
Total - Local Sources	12,404,216.00	-	12,404,216.00	12,706,382.79	302,166.79
State Sources:					
Equalization Aid	5,034,332.00		5,034,332.00	5,034,332.00	-
Transportation Aid	188,491.00		188,491.00	188,491.00	-
Special Education Aid	800,303.00		800,303.00	800,303.00	-
Security Aid	107,201.00		107,201.00	107,201.00	-
Extraordinary Aid	-		-	14,750.00	14,750.00
PARCC Readiness Aid	13,560.00		13,560.00	13,560.00	-
Per Pupil Growth Aid	13,560.00		13,560.00	13,560.00	-
Professional Learning Community Aid	13,580.00		13,580.00	13,580.00	-
Nonpublic School Transportation Costs - Other State Aid				21,190.00	21,190.00
Lead Testing for Schools Aid				5,768.00	5,768.00
On-Behalf TPAF Pension Contributions (non-budgeted)	-		-	1,226,496.00	1,226,496.00
On-Behalf TPAF Post Retirement Medical (non-budgeted)				792,167.00	792,167.00
On-Behalf TPAF - LTDI (non-budgeted)				1,219.00	1,219.00
Reimbursed TPAF Social Security Contrib.(non-budgeted)	-		-	653,970.73	653,970.73
Total - State Sources	6,171,027.00	-	6,171,027.00	8,886,587.73	2,715,560.73
Total Revenues	\$ 18,575,243.00	\$ -	\$ 18,575,243.00	\$ 21,592,970.52	\$ 3,017,727.52
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Preschool:					
Salaries of Teachers	\$ -	\$ 129,637.00	\$ 129,637.00	\$ 128,410.19	\$ 1,226.81
Other Salaries for Instruction		300.00	300.00	212.85	87.15
Salaries of Teachers:					
Kindergarten	377,000.00	(6,500.00)	370,500.00	365,174.04	5,325.96
Grades 1-5	4,364,220.00	(8,000.00)	4,356,220.00	4,355,968.47	251.53
Grades 6-8	920,000.00	(20,000.00)	900,000.00	895,388.37	4,611.63
Regular Programs - Home Instruction:					
Salaries of Teachers	8,500.00	-	8,500.00	1,811.25	6,688.75
Regular Programs - Undistributed Instruction:					
Purchased Educational Services	-	-	-	-	-
Purchased Technical Services	-	-	-	-	-
Other Purchased Services	1,000.00	-	1,000.00	785.16	214.84
Rentals	44,653.00	-	44,653.00	41,814.43	2,838.57
General Supplies	407,877.61	4,000.00	411,877.61	366,082.47	45,795.14
Textbooks	136,182.72	17,935.00	154,117.72	133,108.60	21,009.12
Other Objects	-	4,100.00	4,100.00	-	4,100.00
Total Regular Programs	6,259,433.33	121,472.00	6,380,905.33	6,288,755.83	92,149.50

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
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>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 1,007,780.00	\$ (44,335.00)	\$ 963,445.00	\$ 953,457.68	\$ 9,987.32
Other Salaries for Instruction	168,694.00	(30,000.00)	138,694.00	138,160.93	533.07
Purchased Educational Services	3,000.00	-	3,000.00	-	3,000.00
General Supplies	2,800.00	-	2,800.00	1,126.66	1,673.34
Textbooks	15,193.20	(5,000.00)	10,193.20	6,861.75	3,331.45
Other Objects	20,025.00	-	20,025.00	15,636.86	4,388.14
Total Resource Room/Resource Center	1,217,492.20	(79,335.00)	1,138,157.20	1,115,243.88	22,913.32
Autism:					
Salaries of Teachers	209,109.00	1,500.00	210,609.00	197,264.15	13,344.85
Other Salaries for Instruction	279,799.00	(20,000.00)	259,799.00	238,892.14	20,906.86
Purchased Educational Services	1,785.00	-	1,785.00	1,048.60	736.40
General Supplies	5,664.00	(100.00)	5,564.00	3,884.89	1,679.11
Textbooks	2,000.00	-	2,000.00	1,324.08	675.92
Other Objects	50.00	100.00	150.00	150.00	-
Total Autism	498,407.00	(18,500.00)	479,907.00	442,563.86	37,343.14
Preschool Disabilities:					
Salaries of Teachers	167,618.00	(96,437.00)	71,181.00	69,112.35	2,068.65
Other Salaries for Instruction	71,000.00	-	71,000.00	69,361.05	1,638.95
Purchased Educational Services	-	-	-	-	-
General Supplies	3,600.00	(3,600.00)	-	-	-
Textbooks	-	-	-	-	-
Other Objects	7,100.00	(7,100.00)	-	-	-
Total Preschool Disabilities	249,318.00	(107,137.00)	142,181.00	138,473.40	3,707.60
Home Instruction:					
Salaries of Teachers	-	-	-	-	-
Other Salaries for Instruction	5,376.00	(5,376.00)	-	-	-
Purchased Educational Services	20,645.25	5,376.00	26,021.25	2,881.79	23,139.46
Total Home Instruction	26,021.25	-	26,021.25	2,881.79	23,139.46
Total Special Education - Instruction	1,991,238.45	(204,972.00)	1,786,266.45	1,699,162.93	87,103.52

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2018

	<u>Original</u> <u>Budget</u>	<u>Budget</u> <u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Final to</u> <u>Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 645,500.00	\$ (59,250.00)	\$ 586,250.00	\$ 580,221.20	\$ 6,028.80
Other Salaries for Instruction	239,600.00	(15,000.00)	224,600.00	219,382.64	5,217.36
General Supplies	1,630.00	(50.00)	1,580.00	1,263.26	316.74
Textbooks	600.00	-	600.00	158.77	441.23
Total Basic Skills/Remedial - Instruction	887,330.00	(74,300.00)	813,030.00	801,025.87	12,004.13
Bilingual - Instruction:					
Salaries of Teachers	38,100.00	500.00	38,600.00	38,509.84	90.16
General Supplies	125.00	-	125.00	-	125.00
Textbooks	250.00	-	250.00	-	250.00
Total Bilingual - Instruction	38,475.00	500.00	38,975.00	38,509.84	465.16
Other Supplemental/At-Risk Program:					
Salaries of Reading Specialists	80,500.00	-	80,500.00	80,225.00	275.00
Total Instruction	9,256,976.78	(157,300.00)	9,099,676.78	8,907,679.47	191,997.31
Undistributed Expenditures - Instruction:					
Tuition - Other LEAs Within State - Regular	-	34,364.00	34,364.00	34,364.00	-
Tuition - Other LEAs Within State - Special	-	-	-	-	-
Tuition to CSSD & Regional Day Schools	59,061.00	(34,364.00)	24,697.00	-	24,697.00
Tuition to Private Schools for the Hand. - Within State	75,000.00	(12,000.00)	63,000.00	-	63,000.00
Tuition - Other	-	-	-	-	-
Total Undistributed Expenditures - Instruction	134,061.00	(12,000.00)	122,061.00	34,364.00	87,697.00
Undistributed Expenditures - Attendance:					
Other Purchased Services	13,000.00	-	13,000.00	12,760.00	240.00
Undistributed Expenditures - Health Services:					
Salaries	151,500.00	27,237.58	178,737.58	176,596.73	2,140.85
Purchased Professional and Technical Services	9,678.00	(1,000.00)	8,678.00	7,545.00	1,133.00
Supplies and Materials	8,500.00	1,762.42	10,262.42	9,782.06	480.36
Total Undistributed Expenditures - Health Services	169,678.00	28,000.00	197,678.00	193,923.79	3,754.21
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	323,250.00	(2,800.00)	320,450.00	320,079.00	371.00
Purchased Professional - Educational Services	86,656.00	(1,900.00)	84,756.00	80,329.46	4,426.54
Supplies and Materials	6,676.00	4,700.00	11,376.00	5,386.77	5,989.23
Total Undistributed Expenditures - Other Support Services - Students - Related Services	416,582.00	-	416,582.00	405,795.23	10,786.77
Undistributed Expenditures - Other Support Services - Students - Regular:					
Salaries of Other Professional Staff	227,230.00	-	227,230.00	225,884.76	1,345.24
Purchased Professional - Educational Services	300.00	-	300.00	50.00	250.00
Supplies and Materials	1,425.00	-	1,425.00	70.24	1,354.76
Other Objects	-	-	-	-	-
Total Undistributed Expenditures - Other Support Services - Students - Regular	228,955.00	-	228,955.00	226,005.00	2,950.00

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
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>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Other Support Services -					
Students - Special:					
Salaries of Other Professional Staff	\$ 223,500.00	\$ (2,500.00)	\$ 221,000.00	\$ 215,047.23	\$ 5,952.77
Salaries of Secretarial and Clerical Assistants	42,057.00		42,057.00	41,972.00	85.00
Other Salaries	6,143.00		6,143.00	6,142.95	0.05
Purchased Professional - Educational Services	37,430.00		37,430.00	30,628.53	6,801.47
Miscellaneous Purchased Services	9,004.00	(1,300.00)	7,704.00	5,048.88	2,655.12
Supplies and Materials	4,050.00		4,050.00	2,918.57	1,131.43
Other Objects	900.00		900.00	289.00	611.00
Total Undistributed Expenditures - Other Support Services - Students - Special	323,084.00	(3,800.00)	319,284.00	302,047.16	17,236.84
Undistributed Expend. - Imp. of Instruction Services:					
Salaries of Supervisors of Instruction	219,683.00		219,683.00	219,683.00	-
Salaries of Other Professional Staff	160,525.00	2,500.00	163,025.00	162,608.40	416.60
Salaries of Secretarial and Clerical Assistants	35,839.00		35,839.00	34,725.63	1,113.37
Other Salaries	-		-	-	-
Purchased Professional - Educational Services	700.00		700.00	700.00	-
Other Purchased Services	2,100.00	(322.00)	1,778.00	1,202.86	575.14
Supplies and Materials	1,600.00	522.00	2,122.00	1,969.97	152.03
Miscellaneous Expenditures	2,500.00	(200.00)	2,300.00	1,464.00	836.00
Total Undistributed Expenditures - Improv. of Instr. Services	422,947.00	2,500.00	425,447.00	422,353.86	3,093.14
Undistributed Expenditures - Educational Media/Library:					
Purchased Professional - Educational Services	2,600.00	(844.66)	1,755.34	1,755.34	-
Supplies and Materials	18,024.97	2,144.66	20,169.63	17,506.70	2,662.93
Total Undistributed Expend. - Educational Media/Library	20,624.97	1,300.00	21,924.97	19,262.04	2,662.93
Undistributed Expenditures - Instructional Staff Training					
Salaries of Other Professional Staff	16,855.00	503.00	17,358.00	17,357.44	0.56
Purchased Professional - Educational Services	4,000.00	(1,518.00)	2,482.00	-	2,482.00
Other Purchased Services	9,635.00	1,015.00	10,650.00	9,624.89	1,025.11
Miscellaneous Expenditures	-		-	-	-
Total Undistributed Expend. - Instructional Staff Training	30,490.00	-	30,490.00	26,982.33	3,507.67
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	186,762.00		186,762.00	186,762.00	-
Legal Services	47,591.16	10,000.00	57,591.16	53,756.36	3,834.80
Audit Fees	16,855.00		16,855.00	16,800.00	55.00
Architect/Engineer Services	5,000.00	26,761.00	31,761.00	31,760.07	0.93
Other Purchased Professional Services	-		-	-	-
Communications/Telephone	38,315.00	(6,761.00)	31,554.00	28,529.58	3,024.42
BOE Other Purchased Services	4,000.00		4,000.00	2,705.72	1,294.28
Other Purchased Services	12,807.00		12,807.00	11,815.11	991.89
Supplies and Materials	4,500.00		4,500.00	1,973.09	2,526.91
Miscellaneous Expenditures	10,700.00		10,700.00	4,274.00	6,426.00
Judgements	-		-	-	-
BOE Membership Dues and Fees	8,000.00		8,000.00	6,636.61	1,363.39
Total Undistributed Expend. - Support Services - Gen. Admin.	334,530.16	30,000.00	364,530.16	345,012.54	19,517.62
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals	433,230.00	(200.00)	433,030.00	430,998.95	2,031.05
Salaries of Secretarial and Clerical Assistants	122,600.00	(1,000.00)	121,600.00	118,150.26	3,449.74
Purchased Professional and Technical Services	13,300.00	51,200.00	64,500.00	10,157.83	54,342.17
Other Purchased Services	6,900.00		6,900.00	5,637.72	1,262.28
Supplies and Materials	13,301.00	5,000.00	18,301.00	9,157.73	9,143.27
Miscellaneous Expenditures	12,350.00		12,350.00	9,038.80	3,311.20
Total Undistributed Expend. - Support Serv. - School Admin.	601,681.00	55,000.00	656,681.00	583,141.29	73,539.71

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
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>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expend. - Central Services:					
Salaries	\$ 302,046.00	\$ -	\$ 302,046.00	\$ 300,468.05	\$ 1,577.95
Purchased Professional Services	27,126.00	19,500.00	46,626.00	45,093.85	1,532.15
Other Purchased Services	3,600.00		3,600.00	3,033.02	566.98
Supplies and Materials	6,000.00	(1,500.00)	4,500.00	3,833.67	666.33
Interest on Lease Purchase Agreements	40,871.00	(39,708.00)	1,163.00	870.35	292.65
Interest on Bond Anticipation Notes		21,708.00	21,708.00	21,708.00	
Miscellaneous Expenditures	5,500.00		5,500.00	5,001.04	498.96
Total Undistributed Expend. - Central Services	385,143.00	-	385,143.00	380,007.98	5,135.02
Undistributed Expend. - Administrative Information Technology:					
Salaries	135,000.00	2,845.50	137,845.50	137,710.50	135.00
Purchased Professional and Technical Services	4,000.00		4,000.00	3,960.00	40.00
Other Purchased Services	70,353.75	59,200.00	129,553.75	44,485.03	85,068.72
Supplies and Materials	84,506.14	954.50	85,460.64	51,569.84	33,890.80
Total Undistributed Expend. - Admin. Info. Technology	293,859.89	63,000.00	356,859.89	237,725.37	119,134.52
Undistributed Expenditures - Allowable Maintenance of Plant Services:					
Cleaning, Repair and Maintenance Services	261,098.95	256,300.00	517,398.95	350,957.04	166,441.91
Lead Testing					
General Supplies	82,494.94	28,000.00	110,494.94	86,030.67	24,464.27
Total Undistributed Expenditures - Allowable Maint. of Plant Services	343,593.89	284,300.00	627,893.89	436,987.71	190,906.18
Undistributed Expenditures - Other Operation and Maint. of Plant Services:					
Salaries	576,799.00	(24,000.00)	552,799.00	552,273.50	525.50
Salaries of Non-Instructional Aides	198,717.00	(11,000.00)	187,717.00	182,874.22	4,842.78
Other Purchased Property Services	34,757.88	1,000.00	35,757.88	33,328.19	2,429.69
Insurance	115,000.00	(1,000.00)	114,000.00	111,938.06	2,061.94
Miscellaneous Purchased Services	13,980.00		13,980.00	10,329.00	3,651.00
General Supplies	80,000.00	(20,000.00)	60,000.00	53,214.41	6,785.59
Natural Gas	126,670.76	(20,000.00)	106,670.76	95,103.72	11,567.04
Electricity	402,238.31	(40,000.00)	362,238.31	350,353.13	11,885.18
Other Objects	4,000.00		4,000.00	2,057.47	1,942.53
Total Undistributed Expenditures - Other Operation and Maint. of Plant Services	1,552,162.95	(115,000.00)	1,437,162.95	1,391,471.70	45,691.25
Undistributed Expenditures - Care & Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	62,000.00	(26,000.00)	36,000.00	34,411.09	1,588.91
Undistributed Expenditures - Security					
Cleaning, Repair and Maintenance Services	18,200.00	36,000.00	54,200.00	31,005.00	23,195.00
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	140,000.00		140,000.00	132,075.70	7,924.30
Salaries for Pupil Transportation (Between Home and School) - Regular	606,000.00	(15,000.00)	591,000.00	577,682.87	13,317.13
Salaries for Pupil Transportation (Between Home and School) - Special	162,000.00	(55,000.00)	107,000.00	95,920.10	11,079.90
Other Professional and Technical Services	9,200.00		9,200.00	5,752.00	3,448.00
Cleaning, Repair and Maintenance Services	105,000.00	(5,000.00)	100,000.00	97,156.86	2,843.14
Aid In Lieu of Transportation	50,000.00	4,415.00	54,415.00	54,414.25	0.75
Contracted Serv. - (Between Home and School) - Joint Agreements	48,000.00	1,067.00	49,067.00	49,066.60	0.40
Contracted Serv. - (Sp. Ed. Students) - Joint Agreements	-		-	-	-
Contracted Serv. - (Sp. Ed. Students) - ESCs & CTAs	-		-	-	-
Miscellaneous Purchased Services - Transportation	44,500.00	(15,000.00)	29,500.00	28,578.80	921.20
Supplies and Materials	196,500.00	(33,482.00)	163,018.00	155,415.72	7,602.28
Miscellaneous Expenditures	3,800.00		3,800.00	2,631.00	1,169.00
Total Undistributed Expend. - Student Transportation Serv.	1,365,000.00	(118,000.00)	1,247,000.00	1,198,693.90	48,306.10

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Unallocated Benefits:					
Social Security Contributions	\$ 278,196.46	\$ -	\$ 278,196.46	\$ 272,799.66	\$ 5,396.80
Other Retirement Contributions - Regular	316,000.00	(4,060.00)	311,940.00	287,792.90	24,147.10
Unemployment Compensation	5,000.00		5,000.00	-	5,000.00
Workmen's Compensation	187,000.00	4,060.00	191,060.00	191,060.00	-
Health Benefits	2,356,300.00	(288,000.00)	2,068,300.00	2,051,615.12	16,684.88
Tuition Reimbursement	24,825.00	(225.00)	24,600.00	23,945.00	655.00
Other Employee Benefits	172,000.00	2.75	172,002.75	172,002.50	0.25
Other Employee Benefits	23,664.00	222.25	23,886.25	23,886.25	-
Total Unallocated Benefits	3,362,985.46	(288,000.00)	3,074,985.46	3,023,101.43	51,884.03
On-behalf TPAF Pension Contributions (non-budgeted)				1,226,496.00	(1,226,496.00)
On-Behalf TPAF Post Retirement Medical (non-budgeted)				792,167.00	(792,167.00)
On-Behalf TPAF - LTDI (non-budgeted)				1,219.00	(1,219.00)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				653,970.73	(653,970.73)
Total On-behalf Contributions	-	-	-	2,673,852.73	(2,673,852.73)
Total Undistributed Expenditures	\$ 10,078,578.32	\$ (62,700.00)	\$ 10,015,878.32	\$ 11,978,904.15	\$ (1,963,025.83)
Total Current Expense	\$ 19,335,555.10	\$ (220,000.00)	\$ 19,115,555.10	\$ 20,886,583.62	\$ (1,771,028.52)
Capital Outlay:					
Undistributed Expenditures - Operation/Maint. Plant:					
Equipment	\$ -	\$ 35,000.00	\$ 35,000.00	\$ 34,838.00	\$ 162.00
Undistributed Expenditures - Student Transportation Services:					
School Buses - Regular	-		-	-	-
School Buses - Special	-		-	-	-
Facilities Acquisition and Construction Services:					
Construction Services	-	185,000.00	185,000.00	-	185,000.00
Lease Purchase Principal	65,000.00	-	65,000.00	65,000.00	-
Transfer to Capital Projects	-		-	-	-
Other Objects	34,972.00	-	34,972.00	34,972.00	-
Total Capital Outlay	\$ 99,972.00	\$ 220,000.00	\$ 319,972.00	\$ 134,810.00	\$ 185,162.00
Transfer to Charter School	9,089.00		9,089.00	9,089.00	-
Total Expenditures	\$ 19,444,616.10	\$ -	\$ 19,444,616.10	\$ 21,030,482.62	\$ (1,585,866.52)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(869,373.10)	-	(869,373.10)	562,487.90	1,431,861.00
Other Financing Sources (Uses):					
Unexpended Capital Reserve Transferred from Capital Projects					
Unexpended Capital Reserve Transferred from Capital Projects					-
Total Other Financing Sources (Uses)	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (869,373.10)	\$ -	\$ (869,373.10)	\$ 562,487.90	\$ 1,431,861.00
Fund Balances, July 1	2,213,298.76		2,213,298.76	2,213,298.76	
Fund Balances, June 30	\$ 1,343,925.66	\$ -	\$ 1,343,925.66	\$ 2,775,786.66	\$ 1,431,861.00
Recapitulation					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 624,981.68	
Reserve for Excess Surplus				664,584.19	
Capital Reserve				6,621.69	
Maintenance Reserve				553,760.75	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				26,931.32	
Year-End Encumbrances				495,834.43	
Unassigned Fund Balance				403,072.60	
				\$ 2,775,786.66	
Last State Aid Payment not Recognized on a GAAP Basis				(605,693.00)	
Fund Balance per Governmental Funds (GAAP)				\$ 2,170,093.66	

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State sources	\$ 60,881.00	\$ -	\$ 60,881.00	\$ 49,031.38	\$ (11,849.62)
Federal sources	466,852.00		466,852.00	343,236.54	(123,615.46)
Local sources	5,000.00		5,000.00	4,391.52	(608.48)
Total revenues	532,733.00	-	532,733.00	396,659.44	(136,073.56)
EXPENDITURES:					
Instruction:					
Salaries of teachers	68,139.59		68,139.59	51,750.70	16,388.89
Other salaries for instruction	-		-	-	-
Purchased professional - educ. services	-		-	-	-
Purchased professional - tech. services	-		-	-	-
Tuition	257,617.00		257,617.00	209,122.32	48,494.68
General supplies	31,818.00		31,818.00	11,990.47	19,827.53
Textbooks	-		-	-	-
Total instruction	357,574.59	-	357,574.59	272,863.49	84,711.10
Support services:					
Other salaries	9,483.83		9,483.83	9,483.83	-
Personal services - employee benefits	5,726.22		5,726.22	4,468.52	1,257.70
Purchased professional - educ. services	118,404.00		118,404.00	84,009.72	34,394.28
Purchased professional and technical services	8,400.00		8,400.00	8,100.00	300.00
Purchased property services	-		-	-	-
Travel	-		-	-	-
Other purchased services	-		-	-	-
Supplies and materials	33,144.36		33,144.36	17,733.88	15,410.48
Other objects	-		-	-	-
Total support services	175,158.41	-	175,158.41	123,795.95	51,362.46
Facilities acquisition and construction services:					
Building	-		-	-	-
Instructional equipment	-		-	-	-
Noninstructional equipment	-		-	-	-
Total facilities acq. and const. services	-	-	-	-	-
Total expenditures	532,733.00	-	532,733.00	396,659.44	136,073.56
Total outflows	532,733.00	-	532,733.00	396,659.44	136,073.56
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	-	-	-

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

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 21,592,970.52	\$ 396,659.44
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		
Prior Year		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	603,947.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(605,693.00)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 21,591,224.52	\$ 396,659.44
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 21,030,482.62	\$ 396,659.44
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year		
Prior Year		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 21,030,482.62	\$ 396,659.44

Required Supplementary Information - Part III
Schedules Related to Accounting and Reporting
For Pensions and
Other Post Employment Benefits

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

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0266886674%	0.0292304339%	0.0298861806%	0.0295526762%	0.0301734788%
District's proportionate share of the net pension liability (asset)	\$ 6,212,695	\$ 8,657,216	\$ 6,708,849	\$ 5,533,069	\$ 5,766,751
District's covered-employee payroll	1,889,883	1,780,940	1,843,690	1,952,764	1,947,894
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	328.73%	486.10%	363.88%	283.35%	296.05%
Plan fiduciary net position as a percentage of the total pension liability	36.78%	31.20%	38.21%	42.74%	40.71%

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

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

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 258,159	\$ 250,014	\$ 260,740	\$ 256,941	\$ 243,628
Contributions in relation to the contractually required contributions	<u>(258,159)</u>	<u>(250,014)</u>	<u>(260,740)</u>	<u>(256,941)</u>	<u>(243,628)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	1,889,883	1,780,940	1,843,690	1,952,764	1,947,894
Contributions as a percentage of covered-employee payroll	13.66%	14.04%	14.14%	13.16%	12.51%

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

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

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0799484884%	0.0793900680%	0.0793655108%	0.0787047848%	0.0820489531%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 53,904,154	\$ 62,453,282	\$ 50,162,393	\$ 42,065,146	\$ 41,466,896
Total	\$ 53,904,154	\$ 62,453,282	\$ 50,162,393	\$ 42,065,146	\$ 41,466,896
District's covered-employee payroll	9,116,023	8,639,427	8,320,432	8,003,650	7,983,691
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	25.41%	22.33%	28.71%	33.64%	33.76%

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Required Supplementary Information
Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the District
and Changes in the Total OPEB Liability and Related Ratios
Public Employee's Retirement System and Teachers' Pension and Annuity Fund
Current Fiscal Year

	<u>June 30,</u> <u>2018</u>
State's proportion of the net OPEB liability (asset) associated with the District	0.08%
District's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the District	\$ 43,144,768
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 43,144,768</u>
Plan fiduciary net position as a percentage of the total OPEB Liability	0.00%
	<u>June 30,</u> <u>2018</u>
Total OPEB Liability	
Service Cost	\$ 2,397,306
Interest	1,379,406
Changes of assumptions and other inputs	(6,150,214)
Member Contributions	36,798
Benefit payments	<u>(999,324)</u>
Net Change in total OPEB Liability	\$ (3,336,028)
Total OPEB Liability - beginning	<u>\$ 46,480,796</u>
Total OPEB Liability - ending	<u>\$ 43,144,768</u>
District's covered-employee payroll	11,005,906
Total OPEB Liability as a percentage of covered-employee payroll	392.01%

This schedule does not contain ten years of information as GASB 75 was implemented during the fiscal year ended June 30, 2018.

**Township of Harrison School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2018**

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

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

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

2. Public Employees' Retirement System (PERS)

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

Changes of assumptions: Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active employees. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disables Mortality Table (set back 3 years for males and set forward 1 year for females).

3. Other Post-Retirement Plan – Public Employees' Retirement System and Teachers' Pension and Annuity Fund

Changes of benefit term: There were none.

Changes of assumptions: The discount rate changed from 2.85% as of June 30, 2016 to 3.85% as of June 30, 2017.

Other Supplementary Information

Special Revenue Fund

TOWNSHIP OF HARRISON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2018

	Brought Forward (Exh. E-1B)	Brought Forward (Exh. E-1C)	Brought Forward (Exh. E-1D)	Brought Forward (Exh. E-1E)	Total 2015
REVENUES:					
State sources	\$ -	\$ -	\$ 40,931.38	\$ 8,100.00	\$ 49,031.38
Federal sources	233,711.14	109,525.40	-	-	343,236.54
Local sources	-	-	-	4,391.52	4,391.52
Total Revenues	233,711.14	109,525.40	40,931.38	12,491.52	396,659.44
EXPENDITURES:					
Instruction:					
Salaries of teachers	-	51,750.70	-	-	51,750.70
Other salaries for instruction	-	-	-	-	-
Professional education services	-	-	-	-	-
Purchase professional and technical services	-	-	-	-	-
Tuition	209,122.32	-	-	-	209,122.32
General supplies	6,415.82	5,574.65	-	-	11,990.47
Textbooks	-	-	-	-	-
Total instruction	215,538.14	57,325.35	-	-	272,863.49
Support services:					
Other salaries	-	9,483.83	-	-	9,483.83
Personal services-employee benefits	-	4,468.52	-	-	4,468.52
Purchased prof. and educational services	13,275.00	29,803.34	40,931.38	-	84,009.72
Purchase professional and technical services	-	-	-	8,100.00	8,100.00
Purchased technical services	-	-	-	-	-
Purchased property services	-	-	-	-	-
Travel	-	-	-	-	-
Other purchased services (400-500)	-	-	-	-	-
Supplies and materials	4,898.00	8,444.36	-	4,391.52	17,733.88
Other objects	-	-	-	-	-
Total support services	18,173.00	52,200.05	40,931.38	12,491.52	123,795.95
Facilities acquisition and const. serv.:					
Building	-	-	-	-	-
Instructional equipment	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-
Total facilities acquisition and const. serv.:	-	-	-	-	-
Total Expenditures	233,711.14	109,525.40	40,931.38	12,491.52	396,659.44
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	-	-	-

TOWNSHIP OF HARRISON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2018

	IDEA				Totals
	Basic	Basic	Preschool	Preschool	
	Current Yr.	Prior Yr.	Current Yr.	Prior Yr.	
REVENUES:					
State sources					\$ -
Federal sources	\$ 204,637.14	\$ -	\$ 29,074.00	\$ -	233,711.14
Total Revenues	<u>204,637.14</u>	<u>-</u>	<u>29,074.00</u>	<u>-</u>	<u>233,711.14</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers					-
Other salaries for instruction					-
Professional education services					-
Purchase professional and technical services					-
Tuition	180,048.32		29,074.00		209,122.32
General supplies	6,415.82				6,415.82
Textbooks					-
Total instruction	<u>186,464.14</u>	<u>-</u>	<u>29,074.00</u>	<u>-</u>	<u>215,538.14</u>
Support services:					
Other salaries					-
Personal services-employee benefits					-
Purchased prof. and educational services	13,275.00				13,275.00
Purchase professional and technical services					-
Purchased technical services					-
Purchased property services					-
Travel					-
Other purchased services (400-500)					-
Supplies and materials	4,898.00				4,898.00
Total support services	<u>18,173.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,173.00</u>
Facilities acquisition and const. serv.:					
Instructional equipment					-
Non-instructional equipment					-
Total facilities acquisition and const. serv.:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>204,637.14</u>	<u>-</u>	<u>29,074.00</u>	<u>-</u>	<u>233,711.14</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOWNSHIP OF HARRISON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2018

E.S.E.A.

	<u>Title I</u>	<u>Title IIA</u>	<u>Title III</u>	<u>Title IV</u>	
	<u>Current Yr.</u>	<u>Current Yr.</u>	<u>Current Yr.</u>	<u>Current Yr.</u>	<u>Totals</u>
REVENUES:					
State sources					\$ -
Federal sources	\$ 54,894.63	\$ 20,353.34	\$ 25,942.00	\$ 8,335.43	109,525.40
Total Revenues	<u>54,894.63</u>	<u>20,353.34</u>	<u>25,942.00</u>	<u>8,335.43</u>	<u>109,525.40</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	49,182.20			2,568.50	51,750.70
Other salaries for instruction					-
Professional education services					-
Purchase professional and technical services					-
Tuition					-
General supplies				5,574.65	5,574.65
Textbooks					-
Total instruction	<u>49,182.20</u>	<u>-</u>	<u>-</u>	<u>8,143.15</u>	<u>57,325.35</u>
Support services:					
Other salaries			9,483.83		9,483.83
Personal services-employee benefits	3,762.43		513.81	192.28	4,468.52
Purchased prof. and educational services	1,950.00	20,353.34	7,500.00		29,803.34
Purchase professional and technical services					-
Purchased technical services					-
Purchased property services					-
Travel					-
Other purchased services (400-500)					-
Supplies and materials			8,444.36		8,444.36
Other objects					-
Total support services	<u>5,712.43</u>	<u>20,353.34</u>	<u>25,942.00</u>	<u>192.28</u>	<u>52,200.05</u>
Facilities acquisition and const. serv.:					
Building					-
Instructional equipment					-
Non-instructional equipment					-
Total facilities acquisition and const. serv.:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>54,894.63</u>	<u>20,353.34</u>	<u>25,942.00</u>	<u>8,335.43</u>	<u>109,525.40</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOWNSHIP OF HARRISON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2018

	Chapter 192 - Auxiliary Services			Chapter 193 - Handicapped Services					Carried Forward (Exh. E-1A)	
	Comp. Education	E.S.L.	Transportation	Corrective Speech	Suppl. Instruction	Exam & Classification	Nonpublic Nursing	Nonpublic Technology		Nonpublic Textbook
REVENUES:										
State sources	\$ 2,834.86	\$ 903.00	\$ 1,577.41	\$ 13,659.84	\$ 2,854.44	\$ 3,640.64	\$ 7,954.00	\$ 3,015.60	\$ 4,491.59	\$ 40,931.38
Federal sources										-
Total Revenues	2,834.86	903.00	1,577.41	13,659.84	2,854.44	3,640.64	7,954.00	3,015.60	4,491.59	40,931.38
EXPENDITURES:										
Instruction:										
Salaries of teachers										-
Other salaries for instruction										-
Professional education services										-
Purchase professional and technical services										-
Tuition										-
General supplies										-
Textbooks										-
Total instruction	-	-	-	-	-	-	-	-	-	-
Support services:										
Personal services-employee benefits										-
Purchased prof. and educational services	2,834.86	903.00	1,577.41	13,659.84	2,854.44	3,640.64	7,954.00	3,015.60	4,491.59	40,931.38
Purchase professional and technical services										-
Purchased technical services										-
Purchased property services										-
Travel										-
Other purchased services (400-500)										-
Supplies and materials										-
Total support services	2,834.86	903.00	1,577.41	13,659.84	2,854.44	3,640.64	7,954.00	3,015.60	4,491.59	40,931.38
Facilities acquisition and const. serv.:										
Instructional equipment										-
Non-instructional equipment										-
Total facilities acquisition and const. serv.:	-	-	-	-	-	-	-	-	-	-
Total Expenditures	2,834.86	903.00	1,577.41	13,659.84	2,854.44	3,640.64	7,954.00	3,015.60	4,491.59	40,931.38
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	-	-	-	-	-	-	-	-

TOWNSHIP OF HARRISON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2018

	Nonpublic Home Instruction	Nonpublic Security	Lowe's Grant	Totals
REVENUES:				
State sources	\$ -	\$ 8,100.00	\$ -	\$ 8,100.00
Federal sources				-
Local sources			4,391.52	4,391.52
Total Revenues	<u>-</u>	<u>8,100.00</u>	<u>4,391.52</u>	<u>12,491.52</u>
EXPENDITURES:				
Instruction:				
Salaries of teachers				-
Other salaries for instruction				-
Professional education services				-
Purchase professional and technical services				-
Tuition				-
General supplies				-
Textbooks				-
Total instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support services:				
Personal services-employee benefits				-
Purchased prof. and educational services				-
Purchase professional and technical services		8,100.00		8,100.00
Purchased technical services				-
Purchased property services				-
Travel				-
Other purchased services (400-500)				-
Supplies and materials			4,391.52	4,391.52
Total support services	<u>-</u>	<u>8,100.00</u>	<u>4,391.52</u>	<u>12,491.52</u>
Facilities acquisition and const. serv.:				
Buildings				-
Non-instructional equipment				-
Total facilities acquisition and const. serv.:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Due to Charter School				
				-
Total Expenditures	<u>-</u>	<u>8,100.00</u>	<u>4,391.52</u>	<u>12,491.52</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Capital Projects Fund
Detail Statements

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal 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 June 30, 2018</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Harrison Township School:					
Roof Replacement	9/27/2016	\$ 5,326,577.00	\$ 4,566,859.42	\$ 67,163.43	\$ 692,554.15
Totals		<u>\$ 5,326,577.00</u>	<u>\$ 4,566,859.42</u>	<u>\$ 67,163.43</u>	<u>\$ 692,554.15</u>

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
For the Year Ended June 30, 2018

Revenues and Other Financing Sources:

Bond proceeds and transfers	\$ 4,725,000.00
Transfer from capital reserve	-
Transfer from capital outlay	-
Total Revenues	4,725,000.00

Expenditures and Other Financing Uses:

Purchased professional and technical services	51,063.43
Construction services	16,100.00
Equipment purchases	-
Total Expenditures	67,163.43

Excess (Deficiency) of revenues over (under) expenditures	4,657,836.57
-----------------------------------------------------------	--------------

Fund Balance June 30, 2017	(4,566,859.42)
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Fund Balance June 30, 2018	\$ 90,977.15
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TOWNSHIP OF HARRISON SCHOOL DISTRICT
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Harrison Township School Roof Replacement
From Inception and for the Year Ended June 30, 2018

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenues and Other Financing Sources:				
Bond proceeds	\$ -	\$ 4,725,000.00	\$ 4,725,000.00	\$ 4,725,000.00
Transfer from capital reserve	-	-	-	-
Transfer from capital outlay	-	-	-	-
Total Revenues	<u>-</u>	<u>4,725,000.00</u>	<u>4,725,000.00</u>	<u>4,725,000.00</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	484,489.78	51,063.43	535,553.21	535,553.21
Construction services	4,082,369.64	16,100.00	4,098,469.64	4,098,469.64
Equipment purchases	-	-	-	-
Total Expenditures	<u>4,566,859.42</u>	<u>67,163.43</u>	<u>4,634,022.85</u>	<u>4,634,022.85</u>
Excess (Deficiency) of revenues over (under) expenses	<u>\$ (4,566,859.42)</u>	<u>\$ 4,657,836.57</u>	<u>\$ 90,977.15</u>	<u>\$ 90,977.15</u>

Additional Project Information:

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

Proprietary Funds

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Enterprise Funds
Statement of Net Position
as of June 30, 2018

	2018
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 54,988.77
Accounts receivable:	
State	191.53
Federal	4,232.94
Inventories	10,735.92
Total current assets	70,149.16
Fixed assets:	
Equipment	303,582.00
Less Accumulated depreciation	(294,984.00)
Total fixed assets	8,598.00
Total assets	78,747.16
 LIABILITIES	
Current liabilities:	
Accounts Payable	\$ -
Unearned revenue	11,581.56
Total current liabilities	11,581.56
 NET POSITION	
Invested in capital assets net of related debt	8,598.00
Unrestricted	58,567.60
Total net position	\$ 67,165.60

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Enterprise Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
for the Fiscal Year ended June 30, 2018

	2018
OPERATING REVENUES:	
Local sources:	
Daily sales-reimbursable programs:	
School lunch program	\$ 116,062.21
Total-daily sales-reimbursable programs	116,062.21
Daily sales non-reimbursable programs:	
Adult and AlaCarte meals	102,206.55
Total operating revenue	218,268.76
OPERATING EXPENSES:	
Salaries	131,929.96
Benefits	11,871.39
Supplies and materials	12,700.17
Depreciation	3,049.00
Management fee	20,557.32
Direct expenses	259.37
Repairs and maintenance	4,834.35
Cost of sales - reimbursable programs	93,510.97
Cost of sales - non-reimbursable programs	30,740.88
Total operating expenses	309,453.41
Operating income (loss)	(91,184.65)
Non-operating revenues:	
State sources:	
State school lunch program	3,168.76
Federal sources:	
National school lunch program	70,025.33
Milk	1,446.58
U.S.D.A. commodities	27,423.57
Total non-operating revenues	102,064.24
Net income (loss)	10,879.59
Net position - July 1	56,286.01
Net position - June 30	\$ 67,165.60

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Enterprise Funds
Statement of Cash Flows
for the Fiscal Year ended June 30, 2018

	2018
Cash flows from operating activities:	
Cash receipts from customers	\$ 220,091.64
Cash payments to employees for services	(143,801.35)
Cash payments to suppliers for goods and services	(140,771.18)
Net cash used by operating activities	(64,480.89)
Cash flows from noncapital financing activities:	
Cash received from state and federal reimbursements	76,503.19
Net cash provided by noncapital financing activities	76,503.19
Cash flows from capital financing activities:	
Purchases of fixed assets	(2,283.00)
Net cash used by capital financing activities	(2,283.00)
Cash flows from investing activities:	
Interest on investments	
Net cash provided by investing activities	
Net increase (decrease) in cash and cash equivalents	9,739.30
Cash and cash equivalents, July 1	45,249.47
Cash and cash equivalents, June 30	\$ 54,988.77
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (91,184.65)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:	
Depreciation	3,049.00
Federal commodities	27,423.57
Change in assets and liabilities:	
(Increase)/decrease in accounts receivable	1,494.29
(Increase)/decrease in inventory	(7,085.98)
Increase/(decrease) in accounts payable	1,822.88
Increase/(decrease) in deferred revenue	(64,480.89)
Net cash used by operating activities	\$ (64,480.89)

Fiduciary Funds

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Net Assets
June 30, 2018

	<u>Agency</u>		<u>Trust Funds</u>		<u>Total</u>
	<u>Student Activity</u>	<u>Payroll</u>	<u>Unemployment Compensation Insurance</u>	<u>Flexible Spending Account</u>	
ASSETS:					
Cash and Cash Equivalents	\$ 34,496.56	\$ 2,603.08	\$ 147,230.23	\$ 6,863.40	\$ 191,193.27
Accounts Receivable	8,485.00	-	-	-	8,485.00
Total Assets	<u>\$ 42,981.56</u>	<u>\$ 2,603.08</u>	<u>\$ 147,230.23</u>	<u>\$ 6,863.40</u>	<u>\$ 199,678.27</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Payroll Deductions and Withholdings		\$ 2,603.08	\$ 350.25	\$ -	\$ 2,953.33
Interfund Payable		-	-	6,000.00	6,000.00
Due to Student Groups	\$ 42,981.56	-	-	-	42,981.56
Total Liabilities	<u>42,981.56</u>	<u>2,603.08</u>	<u>350.25</u>	<u>6,000.00</u>	<u>51,934.89</u>
Fund Balances:					
Unreserved	-	-	146,879.98	863.40	147,743.38
Total Fund Balances	<u>-</u>	<u>-</u>	<u>146,879.98</u>	<u>863.40</u>	<u>147,743.38</u>
Total Liabilities and Fund Balances	<u>\$ 42,981.56</u>	<u>\$ 2,603.08</u>	<u>\$ 147,230.23</u>	<u>\$ 6,863.40</u>	<u>\$ 199,678.27</u>

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Fiduciary Fund
Comparative Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2018

	Trust Funds		Total
	Unemployment Compensation Insurance	Flexible Spending Account	
REVENUES:			
Local Sources:			
Board Contribution	\$ -	\$ -	\$ -
Interest on Investments	332.59	-	332.59
Employee Contributions	31,531.25	18,350.00	49,881.25
Total Revenues	31,863.84	18,350.00	50,213.84
EXPENDITURES:			
Current Expense:			
Undistributed Expenditures:			
Flexible Spending Account Claims		20,376.93	20,376.93
Unemployment Claims	12,493.85		12,493.85
Total Expenditures	12,493.85	20,376.93	32,870.78
Excess (Deficiency) of Revenues over (under) Expenditures	19,369.99	(2,026.93)	17,343.06
Net Assets July 1	127,509.99	2,890.33	130,400.32
Net Assets June 30	\$ 146,879.98	\$ 863.40	\$ 147,743.38

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Student Activity 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>Cash Balance June 30, 2018</u>	<u>Accounts Receivable June 30, 2018</u>	<u>Reserve Balance June 30, 2018</u>
School Fund	\$ 22,422.33	\$ 131,212.61	\$ 138,704.21	\$ 14,930.73	\$ 8,485.00	\$ 23,415.73
Library Account	<u>19,769.35</u>	<u>26,860.29</u>	<u>27,063.81</u>	<u>19,565.83</u>	<u>-</u>	<u>19,565.83</u>
Total Liabilities	<u>\$ 42,191.68</u>	<u>\$ 158,072.90</u>	<u>\$ 165,768.02</u>	<u>\$ 34,496.56</u>	<u>\$ 8,485.00</u>	<u>\$ 42,981.56</u>

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For The Fiscal Year Ended June 30, 2018

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
ASSETS:				
Cash and Cash Equivalents	\$ 29,174.88	\$ 13,922,348.51	\$ 13,948,920.31	\$ 2,603.08
Total Assets	<u>\$ 29,174.88</u>	<u>\$ 13,922,348.51</u>	<u>\$ 13,948,920.31</u>	<u>\$ 2,603.08</u>
LIABILITIES:				
Net Payroll		\$ 7,690,676.52	\$ 7,690,676.52	
Payroll Deductions and Withholdings	\$ 29,174.88	6,230,891.55	6,257,463.35	\$ 2,603.08
Interfund Payable	-	780.44	780.44	-
Total Liabilities	<u>\$ 29,174.88</u>	<u>\$ 13,922,348.51</u>	<u>\$ 13,948,920.31</u>	<u>\$ 2,603.08</u>

Long-Term Debt Schedules

TOWNSHIP OF HARRISON SCHOOL DISTRICT
General Long-Term Debt Account Group
Statement of Serial Bonds
June 30, 2018

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2017	Issued	Retired	Balance June 30, 2018
			Date	Amount					
School District Bonds	2/1/03	\$ 2,857,000			3.875%	\$ 220,000		\$ 220,000	\$ -
2015 Refunding Bonds	12/3/15	4,860,000	3/1/19	\$ 560,000	4.00%				
			3/1/20	580,000	4.00%				
			3/1/21	625,000	4.00%				
			3/1/22	650,000	4.00%				
			3/1/23	675,000	4.00%				
			3/1/24	660,000	4.00%	4,285,000	535,000	3,750,000	
2017 School Bonds	11/29/2017	4,725,000	9/1/2018-2023	200,000	2.00%		\$ 4,725,000		4,725,000
			9/1/24-2031	400,000	3.00%				
			9/1/32	325,000	3.00%				
									-
						<u>\$ 4,505,000</u>	<u>\$ 4,725,000</u>	<u>\$ 755,000</u>	<u>\$ 8,475,000</u>

TOWNSHIP OF HARRISON SCHOOL DISTRICT
General Long-Term Debt Account Group
Statement of Obligations Under Capital Leases
June 30, 2018

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance June 30, 2017	Issued	Retired	Balance June 30, 2018
			Principal	Interest					
Various Equipment	7/10/13	4 Years	\$ 319,000.00	\$ 9,493.51	3.50%	\$ 65,000.00	\$ -	\$ 65,000.00	\$ -
						<u>\$ 65,000.00</u>	<u>\$ -</u>	<u>\$ 65,000.00</u>	<u>\$ -</u>

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
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:					
Local Sources:					
Local Tax Levy	\$ 623,119.00	\$ -	\$ 623,119.00	\$ 623,119.00	\$ -
State Sources:					
Debt Service Aid Type II	<u>305,085.00</u>	<u>-</u>	<u>305,085.00</u>	<u>305,085.00</u>	<u>-</u>
Total Revenues	<u>928,204.00</u>	<u>-</u>	<u>928,204.00</u>	<u>928,204.00</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	179,925.00		179,925.00	179,925.00	-
Redemption of Principal	<u>755,000.00</u>		<u>755,000.00</u>	<u>755,000.00</u>	<u>-</u>
Total Regular Debt Service	<u>934,925.00</u>	<u>-</u>	<u>934,925.00</u>	<u>934,925.00</u>	<u>-</u>
Total Expenditures	<u>934,925.00</u>	<u>-</u>	<u>934,925.00</u>	<u>934,925.00</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,721.00)	-	(6,721.00)	(6,721.00)	-
Fund Balances, July 1	<u>6,721.31</u>	<u>-</u>	<u>6,721.31</u>	<u>6,721.31</u>	
Fund Balances, June 30	<u><u>\$ 0.31</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 0.31</u></u>	<u><u>\$ 0.31</u></u>	<u><u>\$ -</u></u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	<u><u>\$ 6,721.00</u></u>		<u><u>\$ 6,721.00</u></u>	<u><u>\$ 6,721.00</u></u>	<u><u>\$ -</u></u>

Statistical Section

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Invested in capital assets, net of related debt	\$ 5,912,879	\$ 6,547,527	\$ 6,973,441	\$ 7,664,319	\$ 8,125,309	\$ 8,420,527	\$ 9,080,503	\$ 9,189,757	\$ 9,559,773	\$ 4,935,734
Restricted	1,240,010	780,642	912,041	1,225,768	1,203,904	1,442,289	1,394,118	1,638,168	(2,757,884)	2,463,692
Unrestricted	(293,086)	(471,105)	(453,645)	(467,715)	(569,957)	(648,123)	(6,275,928)	(6,483,641)	(7,228,364)	(7,400,938)
Total governmental activities net assets	\$ 6,859,803	\$ 6,857,064	\$ 7,431,837	\$ 8,422,372	\$ 8,759,256	\$ 9,214,693	\$ 4,198,693	\$ 4,344,284	\$ (426,475)	\$ (1,512)
Business-type activities										
Invested in capital assets, net of related debt	\$ 91,680	\$ 77,817	\$ 66,774	\$ 53,731	\$ 41,688	\$ 29,645	\$ 22,928	\$ 9,554	\$ 9,364	\$ 8,598
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	17,929	40,610	39,769	33,936	32,756	32,980	14,745	40,106	46,922	58,568
Total business-type activities net assets	\$ 109,609	\$ 118,427	\$ 106,543	\$ 87,667	\$ 74,444	\$ 62,625	\$ 37,673	\$ 49,660	\$ 56,286	\$ 67,166
District-wide										
Invested in capital assets, net of related debt	\$ 6,004,559	\$ 6,625,344	\$ 7,039,215	\$ 7,610,588	\$ 8,166,997	\$ 8,450,172	\$ 9,103,431	\$ 9,199,311	\$ 9,569,137	\$ 4,944,332
Restricted	1,240,010	780,642	912,041	1,225,768	1,203,904	1,442,289	1,394,118	1,638,168	(2,757,884)	2,463,692
Unrestricted	(275,157)	(430,495)	(413,876)	(501,651)	(537,201)	(615,143)	(6,261,183)	(6,443,535)	(7,181,442)	(7,342,370)
Total district net assets	\$ 6,969,412	\$ 6,975,491	\$ 7,537,380	\$ 8,334,705	\$ 8,833,700	\$ 9,277,318	\$ 4,236,366	\$ 4,393,944	\$ (370,189)	\$ 65,654

Source: District Records

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction	\$ 8,640,298	\$ 8,804,095	\$ 8,763,531	\$ 8,800,012	\$ 8,995,888	\$ 8,825,503	\$ 9,051,338	\$ 9,008,770	\$ 9,493,873	\$ 9,805,168
Tuition	319,971	393,437	171,604	344,528	791,656	838,439	602,957	431,413	26,915	34,364
Related Services	1,401,257	1,476,008	1,449,200	1,470,419	1,249,386	1,445,071	1,443,478	1,596,051	1,819,320	1,710,284
Administrative Services	994,334	976,686	967,606	1,009,579	1,005,260	1,029,728	995,175	1,072,632	1,110,126	1,010,439
Central Services	436,478	536,243	465,712	542,095	502,429	500,940	597,866	313,029	576,657	617,733
Operations and Maintenance	1,849,626	1,634,741	1,925,158	1,721,179	1,532,140	1,840,416	1,821,400	2,059,732	6,385,707	2,106,667
Transportation	1,207,806	1,194,427	1,240,324	1,245,599	1,269,498	1,295,279	1,312,316	1,314,412	1,238,285	1,198,694
Transfer to Charter Schools									9,089	9,089
Interest on long-term debt	500,679	464,867	422,769	389,431	388,582	303,635	278,452	354,418	141,210	186,958
Unallocated Employee Benefits	3,431,018	3,739,237	3,725,178	4,038,267	4,559,061	4,409,465	4,775,979	5,327,054	6,134,889	12,991,252
Other	83,866	42,080	45,071	58,645	40,797	41,507	42,607	25,176	42,860	41,142
Total governmental activities expenses	18,865,333	19,261,821	19,176,153	19,619,754	20,334,697	20,529,983	20,921,568	21,502,687	26,978,931	29,711,790
Business-type activities:										
Food service	388,163	397,958	401,642	402,396	385,360	384,256	387,888	333,441	328,644	309,453
Total business-type activities expense	388,163	397,958	401,642	402,396	385,360	384,256	387,888	333,441	328,644	309,453
Total district expenses	\$ 19,253,496	\$ 19,659,779	\$ 19,577,795	\$ 20,022,150	\$ 20,720,057	\$ 20,914,239	\$ 21,309,456	\$ 21,836,128	\$ 27,307,575	\$ 30,021,243
Program Revenues										
Governmental activities:										
Charges for services:										
Tuition	\$ 169,808	\$ 135,969	\$ 180,662	\$ 273,106	\$ 294,094	\$ 293,151	\$ 230,216	\$ 122,489	\$ 195,845	\$ 262,091
General Revenues:										
Property Taxes	10,850,177	10,882,910	11,444,280	11,404,387	11,510,685	11,849,143	12,025,743	12,431,209	12,563,880	12,857,325
Unrestricted State Aid	5,737,796	5,736,719	5,634,896	6,165,435	6,255,971	6,783,692	6,535,903	6,096,241	6,211,573	6,206,597
Other Revenues	139,000	209,119	205,577	240,113	103,308	107,260	130,241	162,290	173,781	214,478
Operating grants and contributions	2,139,299	2,294,364	2,285,511	2,439,581	2,696,023	1,952,174	2,513,865	2,836,049	3,063,093	10,596,262
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	19,036,080	19,259,081	19,750,926	20,522,622	20,860,081	20,985,420	21,435,968	21,648,278	22,208,172	30,136,753
Business-type activities:										
Charges for services										
Food service	296,497	309,082	305,584	285,755	269,958	277,153	259,726	242,634	224,953	218,269
Operating grants and contributions	70,614	97,694	83,174	98,765	102,179	95,284	103,210	102,794	110,317	102,064
Other	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	367,111	406,776	388,758	384,520	372,137	372,437	362,936	345,428	335,270	320,333
Total district program revenues	\$ 19,403,191	\$ 19,665,857	\$ 20,139,684	\$ 20,907,142	\$ 21,232,218	\$ 21,357,857	\$ 21,798,904	\$ 21,993,706	\$ 22,543,442	\$ 30,457,086
Net (Expense)/Revenue and Change in Net Assets										
Governmental activities	\$ 270,747	\$ (2,740)	\$ 574,773	\$ 902,868	\$ 525,384	\$ 455,437	\$ 514,400	\$ 145,591	\$ (4,770,759)	\$ 424,963
Business-type activities	(21,052)	8,818	(12,884)	(17,876)	(13,223)	(11,819)	(24,952)	11,987	6,626	10,880
Total district-wide net expense	\$ 249,695	\$ 6,078	\$ 561,889	\$ 884,992	\$ 512,161	\$ 443,618	\$ 489,448	\$ 157,578	\$ (4,764,133)	\$ 435,843

Source: District Records

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 1,406,882	\$ 935,303	\$ 1,053,546	\$ 1,225,766	\$ 1,203,904	\$ 1,442,288	\$ 1,240,238	\$ 1,631,446	\$ 1,802,254	\$ 2,372,714
Unreserved	(91,145)	(251,146)	(183,381)	(106,835)	(138,903)	(167,041)	(203,661)	(231,615)	(192,902)	(202,620)
Total General Fund	<u>\$ 1,315,737</u>	<u>\$ 684,157</u>	<u>\$ 870,165</u>	<u>\$ 1,118,931</u>	<u>\$ 1,065,001</u>	<u>\$ 1,275,247</u>	<u>\$ 1,036,577</u>	<u>\$ 1,399,831</u>	<u>\$ 1,609,352</u>	<u>\$ 2,170,094</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund										
Capital projects fund							153,879		(4,566,859)	90,977
Debt service fund			1	1				6,722	6,720	-
Permanent fund										
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,879</u>	<u>\$ 6,722</u>	<u>\$ (4,560,139)</u>	<u>\$ 90,977</u>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax levy	\$ 10,850,177	\$ 10,882,910	\$ 11,444,280	\$ 11,404,387	\$ 11,510,685	\$ 11,849,143	\$ 12,025,743	\$ 12,431,209	\$ 12,563,880	\$ 12,857,325
Tuition charges	169,808	135,969	180,662	273,106	294,094	293,151	230,216	122,489	195,845	262,091
Transportation fees	52,670	119,895	120,865	151,000	67,125	61,175	82,369	77,940	106,015	76,062
Interest earnings	46,326	44,202	24,850	20,776	7,434	4,768	4,515	338	492	2,493
Miscellaneous	40,004	45,021	59,862	68,336	28,749	41,317	43,357	84,013	67,273	135,922
State sources	7,580,311	6,636,896	7,343,948	7,862,333	8,518,751	8,298,167	7,184,184	8,475,024	8,861,283	9,238,958
Federal sources	396,784	1,394,188	576,460	762,469	433,243	437,699	440,665	457,266	413,383	343,237
Total revenue	19,136,080	19,259,081	19,750,927	20,542,407	20,860,081	20,985,420	20,011,049	21,648,279	22,208,171	22,916,088
Expenditures										
Instruction										
Regular Instruction	5,599,845	5,833,265	5,377,721	5,495,392	5,718,012	5,660,663	6,031,499	5,776,684	5,940,027	6,346,081
Special education instruction	1,692,263	1,569,759	1,656,239	1,693,231	1,721,568	1,694,663	1,606,319	1,714,531	2,046,570	1,932,874
Other special instruction	711,461	811,964	808,528	1,026,813	985,162	821,389	831,400	882,177	913,386	919,761
Support Services:										
Tuition	319,971	393,437	461,648	625,035	791,656	838,439	602,957	431,413	26,915	34,364
Student & instruction related services	1,401,256	1,476,008	1,449,200	1,261,394	1,249,386	1,445,071	1,374,392	1,596,051	1,819,320	1,710,284
General administrative services	364,463	352,781	324,479	349,348	329,821	355,214	320,810	408,569	451,444	345,013
School Administrative services	542,926	539,747	552,984	575,745	593,847	591,500	589,149	578,635	572,961	583,141
Business administrative services	436,479	536,244	465,712	542,095	502,429	500,940	597,866	313,029	576,657	617,733
Plant operations and maintenance	1,701,309	1,658,805	1,762,844	1,655,427	1,512,779	1,675,540	1,666,576	1,978,557	1,690,839	1,893,875
Pupil transportation	1,055,887	1,194,427	1,240,324	1,245,599	1,269,498	1,295,279	1,312,316	1,314,412	1,238,284	1,198,694
Unallocated employee benefits	3,431,018	3,739,237	3,725,178	4,029,012	4,559,061	4,409,465	3,650,719	5,167,141	5,338,934	5,701,423
Capital outlay	707,174	327,909	269,070	326,730	217,684	369,722	430,860	283,380	4,997,309	201,973
Transfer to Charter Schools									9,089	9,089
Debt service:										
Principal	960,000	980,000	1,030,000	1,045,000	1,100,000	1,115,000	715,000	795,000	740,000	755,000
Interest and other charges	513,350	477,078	440,991	403,035	363,110	321,289	287,387	286,735	203,775	179,925
Total expenditures	19,437,402	19,890,661	19,564,918	20,273,856	20,914,013	21,094,174	20,017,250	21,526,314	26,565,510	22,429,230
Excess (Deficiency) of revenues over (under) expenditures	(301,322)	(631,580)	186,009	268,551	(53,932)	(108,754)	(6,201)	121,965	(4,357,339)	486,858
Other Financing sources (uses)										
Capital leases (non-budgeted)	464,500	464,500	-	-	-	319,000	-	-	-	-
Proceeds of Refunding Bonds	-	-	-	-	-	-	-	5,310,797	-	-
Proceeds of Bonds	-	-	-	-	-	-	-	-	-	4,725,000
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	-	(5,216,666)	-	-
Transfers in	-	-	-	-	-	-	-	92,327	-	-
Transfers out	-	-	-	-	-	-	(219,970)	(92,327)	-	-
Total other financing sources (uses)	464,500	464,500	-	-	-	319,000	(219,970)	94,131	-	4,725,000
Net change in fund balances	\$ 163,178	\$ (167,080)	\$ 186,009	\$ 268,551	\$ (53,932)	\$ 210,246	\$ (226,171)	\$ 216,096	\$ (4,357,339)	\$ 5,211,858
Debt service as a percentage of noncapital expenditures	7.9%	7.4%	7.6%	7.3%	7.1%	6.9%	5.1%	5.1%	4.4%	4.2%

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

<u>Description</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Insurance Refunds	\$ 28,225			\$ 15,148	\$ 1,080					
Interest on Investments	30,427	\$ 14,428	\$ 8,595	4,278	4,080	\$ 6,624	\$ 18,487	\$ 22,211	\$ 40,608	\$ 46,280
Sale of Equipment	2,067	3,492	1,545	50	3,963	382	2,887	1,020		
Recycling	-	-	67							
Use of Facilities - Rentals	20,812	20,998	18,562	17,304	12,684	13,569	13,793	16,187	16,528	19,295
FEMA Reimbursement	-	-	5,107					16,224		
NJSIG - Saftery Grant Award	4,713									
NJ Clean Energy Rebate	4,325									
Prior Year Refunds	24,602	13,833	13,958	10,214	15,034	11,177	33,555	11,209	24,395	4,100
Tuition Refunds	-	-	14,482					3,594	989	
Energy Curtailment Rebates	6,327	9,002	19,163							
Photocopies	-	-	-		121				254	81
Seminar Fees	600	800								
E-Rate Rebates	1,055	2,735								
Soda Machine	336	172	240	503	488	470	608	619	507	740
Cancellation of Old Outstanding Checks	8,023	1,731	2,272	27	4,965	89		2,876	54	
Forfeited FSA Funds	-	-	-	31						
Sale of Used Textbooks	-	-	-		2,982					
Lost/Damaged Book Fines	18	82	21	80		84				
	<u>\$ 131,530</u>	<u>\$ 67,273</u>	<u>\$ 84,012</u>	<u>\$ 47,635</u>	<u>\$ 45,397</u>	<u>\$ 32,395</u>	<u>\$ 69,330</u>	<u>\$ 73,940</u>	<u>\$ 83,335</u>	<u>\$ 70,496</u>

Source: District Records

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

Year Ended Dec. 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2009	\$ 27,824,900	\$ 728,280,000	\$ 18,219,200	\$ 2,152,600	\$ 42,036,700	-	\$ 4,531,500	\$ 823,044,900	0	\$ 2,362,052	\$ 825,406,952	\$ 1.318	\$ 1,541,193,020
2010 ^c	36,974,600	1,147,615,700	32,252,500	2,054,900	92,451,900	-	7,297,300	1,318,646,900	0	4,538,574	1,323,185,474	0.865	1,514,985,628
2011	32,150,900	1,162,559,600	32,733,200	2,866,800	84,819,400	-	7,297,300	1,322,427,200	0	3,683,324	1,326,110,524	0.860	1,618,787,260
2012	28,662,100	1,175,818,900	31,758,500	2,866,900	89,881,800	-	7,297,300	1,336,285,500	0	3,724,475	1,340,009,975	0.859	1,417,698,351
2013	25,357,800	1,187,245,000	31,111,900	2,874,300	92,675,600	-	7,297,300	1,346,561,900	0	3,369,388	1,349,931,288	0.877	1,378,206,992
2014	25,368,500	1,208,175,300	31,077,500	2,864,300	92,196,500	-	7,297,300	1,366,979,400	0	2,975,643	1,369,955,043	0.878	1,396,971,866
2015	24,430,700	1,229,510,600	29,569,200	2,845,900	95,725,500	\$ 321,700	7,297,300	1,389,700,900	0	2,969,606	1,392,670,506	0.893	1,445,719,021
2016	22,055,200	1,250,162,100	30,003,500	2,828,500	96,665,400	321,700	1,073,300	1,403,109,700	0	2,882,389	1,405,992,089	0.894	1,477,037,598
2017 ^c	22,815,000	1,352,280,900	28,876,800	2,820,400	118,532,700	322,300	-	1,525,648,100	0	3,060,097	1,528,708,197	0.841	1,517,540,518
2018	21,975,200	1,360,971,500	29,304,900	2,813,500	111,546,200	322,300	-	1,526,933,600	0	3,101,640	1,530,035,240	0.856	1,533,258,395

Source: Gloucester County Board of Taxation Abstract of Ratables

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

Reassessment occurs when ordered by the County Board of Taxation

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

^b Tax rates are per \$100

^c Revaluation in 2010 and 2017

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

Fiscal Year Ended June 30,	Harrison Township Board of Education			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct	Clearview Regional School	Gloucester County	Fire District	Harrison Township	
2009	\$ 1.213	\$ 0.105	\$ 1.318	\$ 1.030	\$ 1.102	\$ 0.150	\$ 0.393	\$ 3.993
2010 ^c	0.787	0.078	0.865	0.642	0.675	0.097	0.332	2.611
2011	0.788	0.072	0.860	0.646	0.629	0.098	0.347	2.580
2012	0.787	0.072	0.859	0.644	0.627	0.097	0.407	2.634
2013	0.807	0.070	0.877	0.668	0.661	0.097	0.425	2.728
2014	0.829	0.049	0.878	0.679	0.676	0.083	0.471	2.787
2015	0.845	0.048	0.893	0.696	0.730	0.082	0.504	2.905
2016	0.848	0.045	0.893	0.732	0.759	0.083	0.523	2.990
2017 ^c	0.801	0.040	0.841	0.706	0.717	0.076	0.485	2.825
2018	0.816	0.040	0.856	0.738	0.730	0.077	0.495	2.896

Source: District Records and County Tax Assessor

Note:

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

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

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

Taxpayer	2009		2018	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Mullica West Ltd.	\$ 4,095,000	0.50%		
Mantec Associates	3,105,200	0.38%	\$ 5,655,000	0.37%
AEW SCT Mullica Hill, LLC	8,786,600	1.07%		
Mullica Hill Self Storage, LLC	1,640,900	0.20%		
Mullica Hill Self Storage II, LLC	1,431,200	0.17%		
Mullica Hill Commons, LLC	1,429,000	0.17%	3,341,600	0.22%
Mullica Assoc, C/O CVS PHARMACY, Inc.	990,400	0.12%		
Levco Enterprises, LLC	971,500	0.12%		
Madison/Canuso c/o Thomson-K.Fahey	910,800	0.11%		
Kritikson, Douglas E.	875,800	0.10%		
Mullica Realty, LLC			19,600,000	1.28%
Inspira Medical Center Woodbury, Inc.			11,391,700	0.74%
Madison/Canuso Richwood Village LLC			7,239,500	0.47%
I Storage, LLC			5,878,100	0.38%
Woodland Four, LLC			4,873,000	0.32%
Verizon New Jersey C/O Duff & Phelp			3,101,640	0.20%
CVS			2,181,800	0.14%
WAWA, Inc.			2,108,400	0.13%
Total	\$ 24,236,400	2.94%	\$ 65,370,740	4.25%

Source: County Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 10,850,177	\$ 10,850,177	100.00%	-
2010	10,882,910	10,882,910	100.00%	-
2011	11,444,280	11,444,280	100.00%	-
2012	11,404,387	11,404,387	100.00%	-
2013	11,510,685	11,510,685	100.00%	-
2014	11,849,143	11,849,143	100.00%	-
2015	12,025,743	12,025,743	100.00%	-
2016	12,431,209	12,431,209	100.00%	-
2017	12,563,880	12,563,880	100.00%	-
2018	12,857,325	12,857,325	100.00%	-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2009	\$ 12,280,000	-	\$ 757,209	-	-	\$ 13,037,209	2.49%	1,036
2010	11,300,000	-	479,500	-	-	11,779,500	2.26%	948
2011	10,270,000	-	289,500	-	-	10,559,500	1.94%	844
2012	9,225,000	-	145,500	-	-	9,370,500	1.67%	745
2013	8,125,000	-	-	-	-	8,125,000	1.41%	641
2014	7,010,000	-	319,000	-	-	7,329,000	1.22%	570
2015	6,295,000	-	195,000	-	-	6,490,000	1.02%	502
2016	5,245,000	-	130,000	-	-	5,375,000	0.83%	415
2017	4,505,000	-	65,000	\$ 3,000,000	-	7,570,000	b	582
2018	8,475,000	-	-	-	-	8,475,000	b	b

Source: School District Financial Reports

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	\$ 12,280,000	-	\$ 12,280,000	1.49%	976
2010 ^c	11,300,000	-	11,300,000	0.85%	910
2011	10,270,000	-	10,270,000	0.77%	821
2012	9,225,000	-	9,225,000	0.69%	734
2013	8,125,000	-	8,125,000	0.60%	641
2014	7,010,000	-	7,010,000	0.51%	545
2015	6,295,000	-	6,295,000	0.45%	486
2016	5,245,000	-	5,245,000	0.37%	405
2017 ^c	4,505,000	-	4,505,000	0.29%	346
2018 ^c	8,475,000	-	8,475,000	0.55%	^b

Source: School District Financial Reports

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

^a See Exhibit J-7 for property tax data.

^b Not Available

^c Revaluation in 2010 and 2017

Township of Harrison School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2018
UNAUDITED

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Harrison Township	\$ 37,715,817	100.000%	\$ 37,715,817
Other debt			
Clearview Regional School District	13,728,000	51.96%	7,133,068
Gloucester County	225,453,500	5.80%	<u>13,078,266</u>
Subtotal, overlapping debt			57,927,151
Harrison Township School District Direct Debt			<u>8,475,000</u>
Total direct and overlapping debt			<u><u>\$ 66,402,151</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2018

Equalized valuation basis	
2017	\$ 1,527,481,077
2016	1,498,888,687
2015	1,459,923,206
[A]	<u>\$ 4,486,292,970</u>
Average equalized valuation of taxable property	[A/3] \$ 1,495,430,990
Debt Limit (2 1/2% of average equalized valuation)	[B] 37,385,775 ^a
Net bonded school debt	[C] 8,475,000
Legal debt margin	[B-C] <u>\$ 28,910,775</u>

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 35,003,590	\$ 36,793,166	\$ 36,805,661	\$ 35,977,357	\$ 34,957,506	\$ 34,433,373	\$ 34,600,999	\$ 35,411,007	\$ 36,471,218	\$ 37,385,775
Total net debt applicable to limit	<u>12,280,000</u>	<u>11,300,000</u>	<u>10,270,000</u>	<u>9,225,000</u>	<u>8,125,000</u>	<u>7,010,000</u>	<u>6,295,000</u>	<u>5,245,000</u>	<u>7,505,000</u>	<u>8,475,000</u>
Legal debt margin	<u>\$ 22,723,590</u>	<u>\$ 25,493,166</u>	<u>\$ 26,535,661</u>	<u>\$ 26,752,357</u>	<u>\$ 26,832,506</u>	<u>\$ 27,423,373</u>	<u>\$ 28,305,999</u>	<u>\$ 30,166,007</u>	<u>\$ 28,966,218</u>	<u>\$ 28,910,775</u>
Total net debt applicable to the limit as a percentage of debt limit	35.08%	30.71%	27.90%	25.64%	23.24%	20.36%	18.19%	14.81%	20.58%	22.67%

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

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

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

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income ^b</u>	<u>Unemployment Rate ^c</u>
2008	12,415	\$ 516,513,660	\$ 41,604	5.20%
2009	12,587	523,128,307	41,561	7.60%
2010	12,424	521,907,392	42,008	8.10%
2011	12,504	543,761,448	43,487	7.90%
2012	12,574	560,083,682	44,543	8.10%
2013	12,681	575,197,479	45,359	6.40%
2014	12,851	599,499,150	46,650	5.60%
2015	12,940	633,852,960	48,984	4.80%
2016	12,957	647,927,742	50,006	3.80%
2017	13,015	d	d	3.20%
2018	d	d	d	d

Source:

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

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

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

^d Not Available

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

Employer	2018			2009		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Percentage of Total Employment	
Inspira Health	1,825	1	N/A	N/A	N/A	
Underwood Memorial Hospital				1,860	N/A	
Kennedy Health Alliance	1,675	2	N/A	1,200	N/A	
Washington Township School District	1,586	3	N/A	1,594	N/A	
Rowan University	1,483	4	N/A	1,300	N/A	
County of Gloucester	1,368	5	N/A	1,600	N/A	
Missa Bay, LLC	950	6	N/A	750	N/A	
Monroe Township School District	814	7	N/A	775	N/A	
U.S. Foodservices	725	8	N/A	800	N/A	
ExxonMobil Research & Engineering	540	9	N/A	N/A	N/A	
LaBrea Bakery	525	10	N/A	N/A	N/A	
Direct Group				850	N/A	
US Postal Service				700	N/A	
	11,491			11,429		

Source: Gloucester County Department of Economic Development and Employer Directly

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

N/A - Information not available

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

<u>Function/Program</u>	<u>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	88	88	84.6	83.3	83.3	82.2	83.0	82.3	82.3	81.3
Special education	35	35	39.3	39.6	39.6	39.2	38.9	40.7	39.4	37.0
Other special education	14	17	20.2	20.7	20.7	18.6	18.8	19.2	19.2	18.5
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	18	18	17.1	17.0	17.0	16.0	16.8	17.7	19.7	19.6
General administrative services	2	2	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	8	8	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Business administrative services	5	5	5.8	6.3	6.3	6.6	6.6	6.6	6.6	6.6
Plant operations and maintenance	24	24	24.3	24.8	25.8	24.6	24.0	24.3	24.0	24.0
Pupil transportation	24	24	22.9	21.8	21.8	21.3	22.4	21.3	19.4	18.3
Total	<u>218</u>	<u>221</u>	<u>224.2</u>	<u>223.5</u>	<u>224.5</u>	<u>218.5</u>	<u>220.5</u>	<u>222.1</u>	<u>220.6</u>	<u>215.3</u>

Source: District Personnel Records

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

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil^b</u>	<u>Percentage Change</u>	<u>Teaching Staff^c</u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (ADE) d</u>	<u>Average Daily Attendance (ADA) d</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2008	1,551	16,496,741	10,636	1.15%	134	1:11.5	1,461.9	1,479.0	0.00%	96.33%
2009	1,554	17,256,878	11,105	4.41%	137	1:11.3	1,535.4	1,454.7	5.03%	96.15%
2010	1,546	18,105,674	11,711	5.46%	140	1:11.0	1,546.6	1,483.2	0.73%	95.90%
2011	1,502	17,824,857	11,867	1.33%	144	1:10.4	1,494.1	1,439.8	-3.39%	96.37%
2012	1,488	18,499,091	12,432	4.76%	144	1:10.3	1,482.3	1,426.3	-0.79%	96.22%
2013	1,454	19,233,219	13,228	6.40%	144	1:10.1	1,441.9	1,380.5	-2.73%	95.74%
2014	1,468	19,288,163	13,139	-0.67%	140	1:9.5	1,473.3	1,417.5	2.18%	96.21%
2015	1,500	19,694,245	13,129	-0.07%	140	1:10.7	1,493.5	1,431.0	1.37%	95.82%
2016	1,469	20,161,199	13,724	4.53%	142	1:10.3	1,460.2	1,398.7	-2.23%	95.79%
2017	1,445	20,624,426	14,273	4.00%	141	1:10.2	1,431.6	1,375.7	-1.96%	96.10%
2018	1,410	18,584,003	13,180	-7.66%	137	1:10.3	1,395.8	1,336.8	-2.50%	95.77%

Sources: District records

Note: Enrollment based on annual October district count.

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

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

District Building	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Elementary</u>										
Harrison Township Elementary School (1950)										
Square Feet	97,903	97,903	97,903	97,903	97,903	97,903	97,903	97,903	97,903	97,903
Capacity (students)	835	835	835	835	835	835	835	835	835	835
Enrollment	888	863	842	857	825	830	836	792	807	776
Pleasant Valley School (2001)										
Square Feet	87,901	87,901	87,901	87,901	87,901	87,901	87,901	87,901	87,901	87,901
Capacity (students)	763	763	763	763	763	763	763	763	763	763
Enrollment	666	683	671	662	629	638	664	677	638	634

Number of Schools at June 30, 2018
 Elementary = 2

Source: District records

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

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

<u>Fiscal Year Ended June 30,</u>	<u>Harrison Township Elementary School</u>	<u>Pleasant Valley School</u>
2009	\$ 184,781	\$ 109,968
2010	187,217	88,610
2011	326,197	83,933
2012	238,361	91,315
2013	134,536	78,026
2014	149,218	121,178
2015	127,699	118,867
2016	213,950	73,656
2017	141,367	124,257
2018	292,780	144,208
	<u>\$ 2,121,851</u>	<u>\$ 1,096,477</u>

Source: District records

**Township of Harrison School District
Insurance Schedule
June 30, 2018
UNAUDITED**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Property -Blanket Building & Contents	\$ 39,016,425	\$ 1,000
Comprehensive General Liability	1,000,000	
Aggregate	3,000,000	
Comprehensive Automobile Liability	1,000,000	500/1,000
Crime	100,000	500
Data Processing	2,800,000	500
Commercial Umbrella Liability	9,000,000	
Workmen's Compensation	2,000,000	
School Board Legal Liability		
Directors and Office	6,000,000	10,000
Student Accident Insurance:		
Basic	1,000,000	-
Catastrophic	5,000,000	25,000
Surety Bonds:		
Board Secretary	220,000	N/A

Source: District Records

Single Audit Section

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Certified Public Accountants

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 American Institute of CPAs
 New Jersey Society of CPAs

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

I have audited Harrison Township School District (School District), in the County of Gloucester, State of New Jersey's compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2018. The School District's major state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In my opinion, the Harrison Township School District, in the County of Gloucester, State of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

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

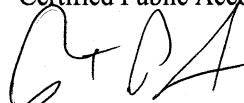
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

INVERSO & STEWART, LLC

Certified Public Accountants



Robert P. Inverso

Certified Public Accountant

Public School Accountant No. CS001095

Marlton, New Jersey
January 31, 2019

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period	Balance at June 30, 2017			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2018		
						Accounts Receivable	Deferred Revenue	Due to Grantor						Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education																
Special Revenue Fund:																
No Child Left Behind (N.C.L.B.)																
Title I	84.010A	S010A160030	NCLB-2070-17	\$ 63,324.00	7/1/16 - 6/30/17	\$ (2,829.00)	\$ -	\$ -	\$ -	\$ 2,828.60	\$ -	\$ 0.40	\$ -	\$ -	\$ -	
Title III - (Consortium)	84.365A	S365A160030	NCLB-2070-17	35,458.00	7/1/16 - 6/30/17	(3,608.00)	-	-	-	3,608.18	-	(0.18)	-	-	-	
Elementary and Secondary Education Act (E.S.E.A.)																
Title I	84.010A	S010A170030	ESSA-2070-18	71,725.00	7/1/17 - 6/30/18	-	-	-	-	52,944.00	(54,894.63)	-	-	(1,950.63)	-	
Title II - Part A	84.367A	S367A170029	ESSA-2070-18	21,135.00	7/1/17 - 6/30/18	-	-	-	-	18,625.00	(20,353.34)	-	-	(1,528.34)	-	
Title III - (Consortium)	84.365A	S365A170030	ESSA-2070-18	25,942.00	7/1/17 - 6/30/18	-	-	-	-	17,170.00	(25,942.00)	-	-	(8,772.00)	-	
Title IV	84.424	S424A170031	ESSA-2070-18	10,000.00	7/1/17 - 6/30/18	-	-	-	-	7,557.00	(8,335.43)	-	-	(778.43)	-	
Individuals With Disabilities Act (I.D.E.A.)																
Part B - Basic - Current Year	84.027	H027A170100	IDEA-2070-18	307,679.00	7/1/17 - 6/30/18	-	-	-	-	199,763.00	(204,637.14)	-	-	(4,874.14)	-	
Part B - Basic - Prior Year	84.027	H027A160100	IDEA-2070-17	293,309.00	7/1/16 - 6/30/17	(6,732.00)	-	-	-	6,730.76	-	1.24	-	-	-	
Part B - Preschool - Current Year	84.173	H173A170114	IDEA-2070-18	30,371.00	7/1/17 - 6/30/18	-	-	-	-	29,074.00	(29,074.00)	-	-	-	-	
Part B - Preschool - Prior Year	84.173	H173A160114	IDEA-2070-17	31,466.00	7/1/16 - 6/30/17	(990.00)	-	-	-	990.00	-	-	-	-	-	
Total Special Revenue Fund						(14,159.00)	-	-	-	339,490.54	(343,236.54)	1.46	-	(17,903.54)	-	
U.S. Department of Agriculture																
Enterprise Fund:																
Food Distribution Program	10.565	181NJ304N1099	N/A	27,453.57	7/1/17 - 6/30/18	-	-	-	-	27,423.57	(27,423.57)	-	-	-	-	
Special Milk Program	10.556	181NJ304N1099	N/A	1,446.58	7/1/17 - 6/30/18	-	-	-	-	1,362.62	(1,446.58)	-	-	(83.96)	-	
Special Milk Program	10.556	171NJ304N1099	N/A	1,421.42	7/1/16 - 6/30/17	(75.57)	-	-	-	75.57	-	-	-	-	-	
National School Lunch Program	10.555	181NJ304N1099	N/A	70,025.33	7/1/17 - 6/30/18	-	-	-	-	65,878.35	(70,025.33)	-	-	(4,148.98)	-	
National School Lunch Program	10.555	171NJ304N1099	N/A	71,345.04	7/1/16 - 6/30/17	(3,626.08)	-	-	-	3,626.08	-	-	-	-	-	
National School Lunch Program	10.555	16161NJ304N1099	N/A	75,204.40	7/1/15 - 6/30/16	(2,436.92)	-	-	-	2,436.92	-	-	-	-	-	
Total Enterprise Fund						(6,138.57)	-	-	-	100,801.11	(98,895.48)	-	-	(4,232.94)	-	
Total Federal Awards						\$ (20,297.57)	\$ -	\$ -	\$ -	\$ 440,291.65	\$ (442,132.02)	\$ 1.46	\$ -	\$ (22,136.48)	\$ -	

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2018

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	Balance at June 30, 2017			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2018			Memo Cumulative Total Expenditures
				Accounts Receivable	Deferred Revenue	Due to Grantor at						Accounts Receivable	Deferred Revenue	Due to Grantor at	
State Department of Education															
General Fund:															
Equalization Aid	18-495-034-5120-078	\$5,034,332.00	7/1/17 - 6/30/18					\$ 4,540,207.00	\$ (5,034,332.00)			\$ (494,125.00)			\$ 5,034,332.00
Equalization Aid	17-495-034-5120-078	5,034,332.00	7/1/16 - 6/30/17	\$ (492,700.00)				492,700.00							
Additional Nonpublic Transportation Aid	19-495-034-5120-014	21,190.00	7/1/17 - 6/30/18						(21,190.00)			(21,190.00)			21,190.00
Additional Nonpublic Transportation Aid	17-495-034-5120-014	17,535.00	7/1/16 - 6/30/17	(17,535.00)				17,535.00							
Transportation Aid	18-495-034-5120-014	188,491.00	7/1/17 - 6/30/18						(188,491.00)			(18,501.00)			188,491.00
Transportation Aid	17-495-034-5120-014	188,491.00	7/1/16 - 6/30/17	(18,448.00)				18,448.00							
Special Education Aid	18-495-034-5120-089	800,303.00	7/1/17 - 6/30/18					721,753.00	(800,303.00)			(78,550.00)			800,303.00
Special Education Aid	17-495-034-5120-089	800,303.00	7/1/16 - 6/30/17	(78,324.00)				78,324.00							
Security Aid	18-495-034-5120-084	107,201.00	7/1/17 - 6/30/18					96,679.00	(107,201.00)			(10,522.00)			107,201.00
Security Aid	17-495-034-5120-084	107,201.00	7/1/16 - 6/30/17	(10,492.00)				10,492.00							
PARCC Readiness Aid	18-495-034-5120-098	13,560.00	7/1/17 - 6/30/18					12,229.00	(13,560.00)			(1,331.00)			13,560.00
PARCC Readiness Aid	17-495-034-5120-098	13,560.00	7/1/16 - 6/30/17	(1,327.00)				1,327.00							
Per Pupil Growth Aid	18-495-034-5120-097	13,560.00	7/1/17 - 6/30/18					12,229.00	(13,560.00)			(1,331.00)			13,560.00
Per Pupil Growth Aid	17-495-034-5120-097	13,560.00	7/1/16 - 6/30/17	(1,327.00)				1,327.00							
Professional Learning Community Aid	18-495-034-5120-101	13,560.00	7/1/17 - 6/30/18					12,247.00	(13,560.00)			(1,313.00)			13,560.00
Professional Learning Community Aid	17-495-034-5120-101	13,560.00	7/1/16 - 6/30/17	(1,329.00)				1,329.00							
Extraordinary Aid	18-495-034-5120-044	14,750.00	7/1/17 - 6/30/18					27,579.00	(14,750.00)			(14,750.00)			14,750.00
Extraordinary Aid	17-495-034-5120-044	27,579.00	7/1/16 - 6/30/17	(27,579.00)											
Lead Testing for Schools Aid	18-495-034-5120-104	5,768.00	7/1/17 - 6/30/18					5,768.00	(5,768.00)						5,768.00
On Behalf TPAF Pension Contributions	18-495-034-5094-002	1,226,496.00	7/1/17 - 6/30/18					1,226,496.00	(1,226,496.00)						1,226,496.00
On Behalf TPAF Post Retirement Medical	18-495-034-5094-001	792,167.00	7/1/17 - 6/30/18					792,167.00	(792,167.00)						792,167.00
On Behalf TPAF LTDI	18-495-034-5094-004	1,219.00	7/1/17 - 6/30/18					1,219.00	(1,219.00)						1,219.00
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	653,970.73	7/1/17 - 6/30/18					653,970.73	(653,970.73)						653,970.73
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	644,447.28	7/1/16 - 6/30/17	(30,870.56)				30,870.56							
Total General Fund				(679,931.56)				8,924,886.29	(8,886,587.73)			(641,633.00)			8,886,587.73
Special Revenue Fund															
N.J. Nonpublic Aid:															
Textbook Aid	18-100-034-5120-064	4,492.00	7/1/17 - 6/30/18					4,492.00	(4,491.59)			\$ 0.41			4,491.59
Nursing Aid	18-100-034-5120-070	7,954.00	7/1/17 - 6/30/18					7,954.00	(7,954.00)						7,954.00
Home Instruction	17-100-034-5120-067	1,917.57	7/1/16 - 6/30/17	\$ (1,917.57)				1,918.00		\$ (0.43)					
Technology Aid	18-100-034-5120-373	3,034.00	7/1/17 - 6/30/18					3,034.00	(3,015.60)				18.40		3,015.60
Technology Aid	17-100-034-5120-373	2,080.00	7/1/16 - 6/30/17			\$ 54.33									
Security Aid	18-100-034-5120-509	8,100.00	7/1/17 - 6/30/18					8,100.00	(8,100.00)			\$ (54.33)			8,100.00
Auditory Services:															
Compensatory Education	18-100-034-5120-067	10,630.00	7/1/17 - 6/30/18					10,630.00	(2,834.86)				7,795.14		2,834.86
Compensatory Education	17-100-034-5120-067	11,845.00	7/1/16 - 6/30/17			1,791.20					(1,791.20)				
Transportation	18-100-034-5120-067	2,032.00	7/1/17 - 6/30/18					2,032.00	(1,577.41)				454.59		1,577.41
Transportation	17-100-034-5120-067	1,748.00	7/1/16 - 6/30/17			56.42					(0.21)	(56.21)			
ESL	18-100-034-5120-067	903.00	7/1/17 - 6/30/18					903.00	(903.00)						903.00
ESL	17-100-034-5120-067	914.00	7/1/16 - 6/30/17			91.85						(91.85)			
Handicapped Services:															
Examination & Classification	18-100-034-5120-066	5,278.00	7/1/17 - 6/30/18					5,278.00	(3,640.64)				1,637.36		3,640.64
Corrective Speech	18-100-034-5120-066	15,445.00	7/1/17 - 6/30/18					15,445.00	(13,659.84)				1,785.16		13,659.84
Corrective Speech	17-100-034-5120-066	10,779.00	7/1/16 - 6/30/17			88.35					(88.35)				
Supplemental Instruction	18-100-034-5120-066	3,013.00	7/1/17 - 6/30/18					3,013.00	(2,854.44)				158.56		2,854.44
Supplemental Instruction	17-100-034-5120-066	785.00	7/1/16 - 6/30/17			628.06					(628.06)				
Total Special Revenue Fund				(1,917.57)		2,710.21		62,799.00	(49,031.38)			(2,710.00)		11,849.62	49,031.38
Debt Service Fund															
Debt Service Aid Type II	18-495-034-5120-017	305,085.00	7/1/17 - 6/30/18					305,085.00	(305,085.00)						305,085.00
State Department of Agriculture															
Enterprise Fund:															
State School Lunch Program	18-100-010-3350-023	3,168.76	7/1/17 - 6/30/18					2,977.23	(3,168.76)			(191.53)			3,168.76
State School Lunch Program	17-100-010-3350-023	2,906.34	7/1/16 - 6/30/17	(148.42)				148.42							
Total Enterprise Fund				(148.42)				3,125.65	(3,168.76)			(191.53)			3,168.76
Total State Financial Assistance				(681,897.55)		2,710.21		9,295,895.94	(9,243,872.87)			(2,710.00)		11,849.62	9,243,872.87
Less: State Financial Assistance Not Subject to New Jersey OMB Circular 15-08															
On Behalf TPAF Contribution - Pension (Non-Budgeted)									(1,226,496.00)						
On Behalf TPAF Contribution - Post Retirement Medical (Non-Budgeted)									(792,167.00)						
On Behalf TPAF Contribution - LTDI (Non-Budgeted)									(1,219.00)						
Total State Financial Assistance Subject to New Jersey OMB Circular 15-08									(7,223,950.87)						

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

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

I. GENERAL

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

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The school district has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is (\$1,746) in the general fund and \$-0- in the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 8,884,842	\$ 8,884,842
Special Revenue Fund	\$ 343,237	49,031	392,268
Debt Service Fund		305,085	305,085
Food Service Fund	<u>98,895</u>	<u>3,169</u>	<u>102,064</u>
Total Awards & Financial Assistance	<u>\$ 442,132</u>	<u>\$ 9,242,127</u>	<u>\$ 9,684,259</u>

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

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2018. TPAF Social Security Contributions represents the amount reimbursed by the State for the School District's share of social security contributions for TPAF members for the year ended June 30, 2018.

6. MAJOR PROGRAMS

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

7. ADJUSTMENTS

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

	<u>Federal</u>	<u>State</u>
Prior Year Receivable Adjustments	\$ <u>1.46</u>	\$ <u>-64</u>

HARRISON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

State Awards Section

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

Auditee qualified as low-risk auditee? X yes no

Internal Control over major programs:

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

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

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

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

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>18-495-034-5120-078</u>	State Aid Public Cluster: <u>Equalization Aid</u>
<u>18-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>18-495-034-5120-084</u>	<u>Security Aid</u>
<u>18-495-034-5120-098</u>	<u>PARCC Readiness</u>
<u>18-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>18-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>
<u> </u>	<u> </u>

**HARRISON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Section 2 -- Schedule of Financial Statement Findings

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

No findings identified.

**HARRISON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

FEDERAL AWARDS:

A federal single audit was not required.

STATE AWARDS:

A state single audit was not required.

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

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

FINANCIAL STATEMENT FINDINGS

There were no prior year audit findings

FEDERAL AWARDS

A federal single audit was not required.

STATE AWARDS

There were no prior year audit findings.