

**SCHOOL DISTRICT
OF**

HARRISON TOWNSHIP



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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020**

**Comprehensive Annual
Financial Report**

of the

Harrison Township Board of Education

Harrison, New Jersey

For the Fiscal Year Ended June 30, 2020

**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**

December 18, 2020

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, 2020, 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 2019-2020 fiscal year with an enrollment of 1,428 students, which is 40 more students 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>
2019-20	1,428.0	1,384.1	6.42%	96.92%
2018-19	1,358.0	1,300.5	(2.71%)	95.77%
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	1,482.3	1,426.3	(0.79%)	96.22%
2010-11	1,494.1	1,439.8	(3.39%)	96.37%

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.

The District is currently servicing 390 students virtually and majority of the student population on a 5 day per week, half day schedule. In the area of curriculum, our Mathematics and English Language Arts Curricula continue to be aligned with the New Jersey Student Learning Standards (NJSLs). We will continue to follow the anticipated updates during the 2020-2021 school year on the state level and will adjust our curriculum, as necessary, to ensure compliance. This will include ensuring that all students have access to the necessary working devices and wireless connection in order to access their education. Any necessary curriculum updates will be made with the input of stakeholders through a professional committee. Our main resource in Language Arts Literacy continues to be Pearson’s Reading Street Series in Grades Kindergarten through Sixth with a emphasis on literacy circles and novel studies as supplemental instruction where appropriate. The Houghton Mifflin Harcourt’s Math Expressions for Mathematics instruction in Grades Kindergarten through Fifth. As required due to covid restrictions on in person instruction, all students, pre k through 6th grade, have a Google Chrome Book that is used for both in person and virtual, at home, instruction.

3) MAJOR INITIATIVES (Cont'd):

Staff training will also be focused in the following areas to support the overall district goal of student achievement and development:

1. NJSLS
2. Pearson' Reading Street Series
3. Math Expressions
4. School Safety and Security
5. Affirmative Action and overall safety in the workplace
6. FERPA laws and regulations
7. RTI
8. Dyslexia
9. Mandated Security Drill Procedures
10. Handle With Care
11. Covid preparedness and response
12. Virtual instruction using various age appropriate platforms including google classroom, see saw,

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, 2020.

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.

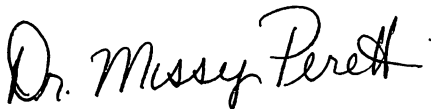
9) OTHER INFORMATION:

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.

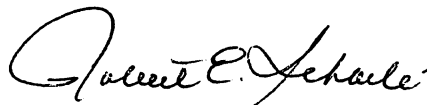
10) ACKNOWLEDGMENTS:

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,

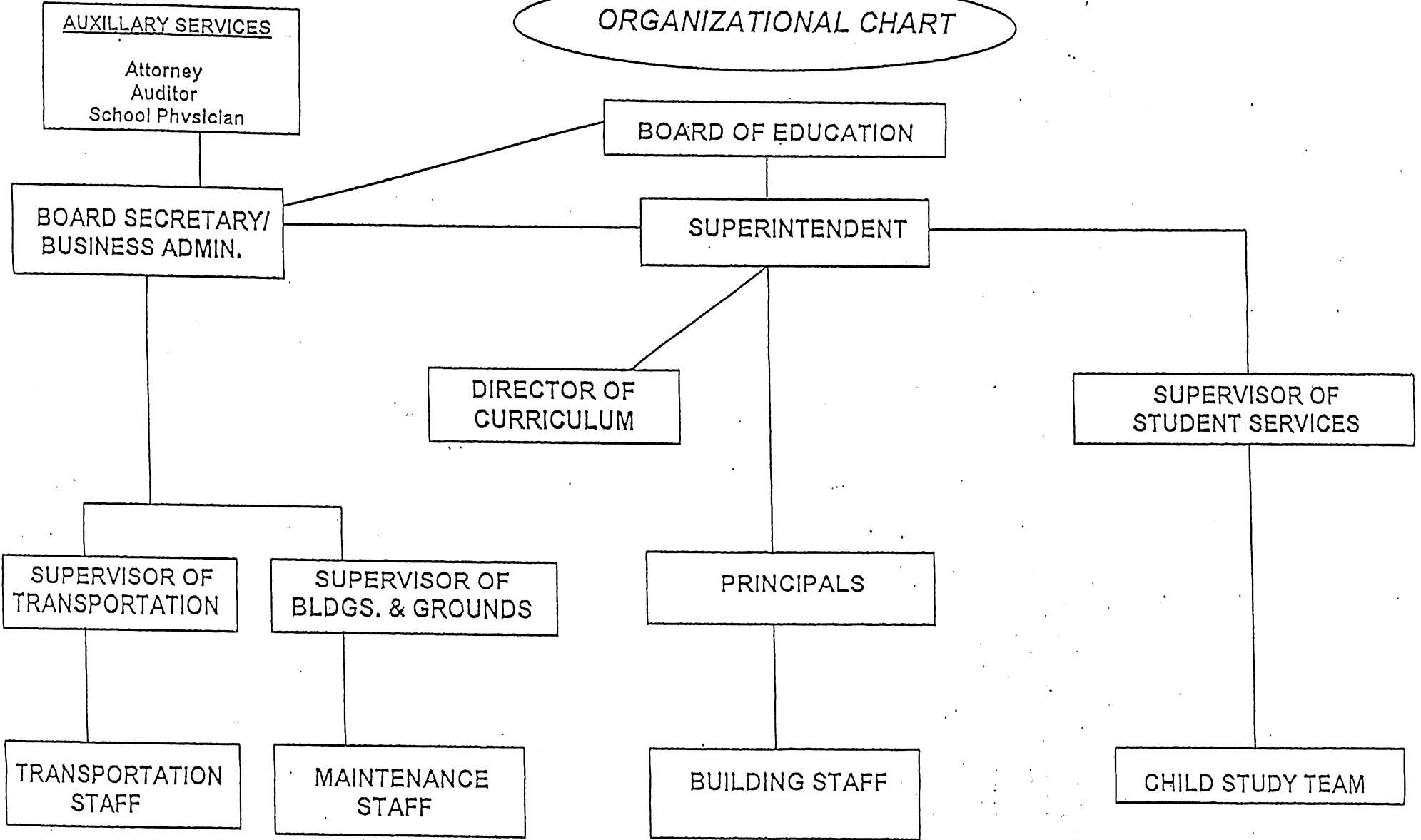


Dr. Missy Peretti
Superintendent



Robert E. Scharlé
School Business Administrator/Board Secretary

ORGANIZATIONAL CHART



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

***ROSTER OF OFFICIALS
JUNE 30, 2020***

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Stacey Muscarella, President	2020
Theresa Vaites, Vice-President	2021
Jennifer Bowen	2022
Walter Bright	2022
Cristie Clark	2020
Janette Coslop	2020
Sean Henderson	2022
Marissa Straccialini	2021
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
61 S. Paramus Road
Paramus, New Jersey 07652

Financial Section

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Certified Public Accountants

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-Member of-
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, 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, 2020, 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, 2020, 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 schedules of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are also presented for purposes of additional analysis and are 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 December 18, 2020 on my consideration of the Harrison Township School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Harrison Township School District's internal control over financial reporting and compliance.

INVERSO & STEWART, LLC
Certified Public Accountants



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

Marlton, New Jersey
December 18, 2020

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, 2020**

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, 2020. 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 \$5,577,445 (*net position*).
- Governmental activities have unrestricted deficit net position of \$7,266,837. 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 \$533,433, or a 10.58% increase from the prior fiscal year-end balance.
- Fund balance of the School District's governmental funds increased \$309,388 resulting in an ending fund balance of \$2,734,535. This increase is due to the results of operations in the capital projects fund.
- Business-type activities have unrestricted net position of \$31,881, which may be used to meet the School District's ongoing obligations of the food service operations.
- The School District's long-term obligations decreased by \$1,240,736 which is the result of the payment of bond principal, decrease in pension liability, and an decrease in compensated absences.

Overview of the Basic Financial Statements

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

District-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Notes to the Basic Financial Statements

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

Other Information

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

District-wide Financial Analysis

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2021. 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 2021.

The assets of the primary government activities exceeded liabilities by \$5,538,079 with an unrestricted deficit balance of \$7,266,837. The net position of the primary government does not include internal balances.

A net investment of \$9,930,818 in land, improvements, buildings, equipment and vehicles provides the services to the School District's 1,428 public school students. Net position of \$157,776 has been restricted to provide resources for future capital expansion and renovation projects; \$1 has been restricted for debt service; and \$774,292 has been restricted for maintenance while \$1,370,275 has been restricted for budget appropriation and \$571,754 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, 2020 and 2019**

	Governmental Activities		Business-Type Activities		District-Wide	
	2020	2019	2020	2019	2020	2019
ASSETS						
Current assets	\$ 2,748,420	\$ 2,528,727	\$ 52,801	\$ 87,543	\$ 2,801,221	\$ 2,616,270
Capital assets	17,057,832	17,562,043	7,485	8,324	17,065,317	17,570,367
Total assets	<u>19,806,252</u>	<u>20,090,770</u>	<u>60,286</u>	<u>95,867</u>	<u>19,866,538</u>	<u>20,186,637</u>
Deferred Outflows of Resources	<u>618,761</u>	<u>1,211,134</u>			<u>618,761</u>	<u>1,211,134</u>
LIABILITIES						
Current liabilities	1,287,237	1,298,542	20,920	10,836	1,308,157	1,309,378
Noncurrent liabilities	11,452,700	12,750,893			11,452,700	12,750,893
Total liabilities	<u>12,739,937</u>	<u>14,049,435</u>	<u>20,920</u>	<u>10,836</u>	<u>12,760,857</u>	<u>14,060,271</u>
Deferred Inflows of Resources	<u>2,146,997</u>	<u>2,293,488</u>			<u>2,146,997</u>	<u>2,293,488</u>
Net Position	<u>\$ 5,538,079</u>	<u>\$ 4,958,981</u>	<u>\$ 39,366</u>	<u>\$ 85,031</u>	<u>\$ 5,577,445</u>	<u>\$ 5,044,012</u>
Net Position Consist of:						
Net investment in capital assets	\$ 9,930,818	\$ 9,598,829	\$ 7,485	\$ 8,324	\$ 9,938,303	\$ 9,607,153
Restricted Assets	2,874,098	2,557,834			2,874,098	2,557,834
Unrestricted Assets	<u>(7,266,837)</u>	<u>(7,197,682)</u>	<u>31,881</u>	<u>76,707</u>	<u>(7,234,956)</u>	<u>(7,120,975)</u>
Net Position	<u>\$ 5,538,079</u>	<u>\$ 4,958,981</u>	<u>\$ 39,366</u>	<u>\$ 85,031</u>	<u>\$ 5,577,445</u>	<u>\$ 5,044,012</u>

Governmental Activities

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

- The increase is a result of the asset acquisition

Business-type Activities

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

- The Food Service Program had a net loss of \$45,665.

**Township of Harrison School District
Comparative Schedule of Changes in Net Position
As of and for the Fiscal Year Ended June 30, 2020 and 2019**

	Governmental Activities		Business-Type Activities		District-Wide	
	2020	2019	2020	2019	2020	2019
Revenues:						
Charges for services	\$ -	\$ -	\$ 144,989	\$ 230,969	\$ 144,989	\$ 230,969
Operating grants and contributions	8,044,420	8,850,034	92,491	118,593	8,136,911	8,968,627
General Revenues						
Property taxes	13,593,274	13,100,225			13,593,274	13,100,225
State aid - unrestricted	6,501,243	6,188,970			6,501,243	6,188,970
Tuition	133,833	145,746			133,833	145,746
Other revenues	172,523	256,717			172,523	256,717
Total Revenues	28,445,293	28,541,692	237,480	349,562	28,682,773	28,891,254
Expenses:						
Governmental Activities:						
Instruction	10,310,071	10,275,291			10,310,071	10,275,291
Tuition	206,052	-			206,052	-
Related services	1,778,525	1,730,600			1,778,525	1,730,600
Administrative services	1,052,026	1,086,554			1,052,026	1,086,554
Operations and Maintenance	2,191,281	2,391,137			2,191,281	2,391,137
Transportation	1,050,691	1,196,040			1,050,691	1,196,040
Central Services	653,979	642,583			653,979	642,583
Employee benefits	10,393,546	5,963,115			10,393,546	5,963,115
Interest on debt	226,784	244,539			226,784	244,539
Other	3,240	51,340			3,240	51,340
Loss on disposal of capital assets					-	-
Business-Type Activities:						
Food Service			283,145	331,697	283,145	331,697
Total Expenses	27,866,195	23,581,199	283,145	331,697	28,149,340	23,912,896
Increase (Decrease) in Net Position before transfers	579,098	4,960,493	(45,665)	17,865	533,433	4,978,358
Transfers						
Change in Net Position	579,098	4,960,493	(45,665)	17,865	533,433	4,978,358
Net Position, July 1	4,958,981	(1,512)	85,031	67,166	5,044,012	65,654
Net Position, June 30	\$ 5,538,079	\$ 4,958,981	\$ 39,366	\$ 85,031	\$ 5,577,445	\$ 5,044,012

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the School District’s governmental funds reported a combined ending fund balance of \$2,734,535, an increase of \$309,388 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 \$139,562 in the General Fund, an unreserved fund balance of \$151,135 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 \$6,641, 2) appropriated as a revenue source in the subsequent year’s budget \$710,496, 3) reserve for encumbrances \$571,754 4) reserved for maintenance \$774,292 or 5) reserved for future budget appropriation in accordance with state statutes \$659,778.

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 \$443,035, while total fund balance (budgetary basis) was \$3,165,997. 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 \$22,339,137. Unreserved fund balance (budgetary basis) represents 1.98% of expenditures while total fund balance (budgetary basis) represents 14.17% 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, 2020, totaled \$17,065,317 (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 \$505,050, or a 2.87% decrease. The decrease is due to asset depreciation.

Capital Assets (net of accumulated depreciation) June 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		District-Wide	
	2020	2019	2020	2019	2020	2019
Land	\$ 430,000	\$ 430,000			\$ 430,000	\$ 430,000
Building and Building Improvements	15,944,752	16,534,862			15,944,752	16,534,862
Equipment	683,080	597,181	\$ 7,485	\$ 8,324	690,565	605,505
Total	\$ 17,057,832	\$ 17,562,043	\$ 7,485	\$ 8,324	\$ 17,065,317	\$ 17,570,367

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, 2020, the School District had \$6,935,000 in serial bonds payable and \$528,197 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 \$38,926,440. The available amount as of June 30, 2020 was \$31,991,440.

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 2020-21 fiscal year.

- For the 2020-21 fiscal year the School District will be receiving a slight decrease in state aid. The local tax levy in the General Fund increased by \$359,441 or 2.77%. The 2020-21 General Fund Budget decreased \$485,955 over previous year. The tax rate for 2020 is \$.899, 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, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 1,865,586.23	\$ 38,390.59	\$ 1,903,976.82
Receivables, net	101,900.62	1,336.26	103,236.88
Inventory		13,074.34	13,074.34
Restricted assets:			
Capital reserve account	6,641.18		6,641.18
Maintenance reserve account	774,292.30		774,292.30
Capital assets, net (Note 5)	17,057,832.00	7,485.00	17,065,317.00
Total assets	<u>19,806,252.33</u>	<u>60,286.19</u>	<u>19,866,538.52</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources from pensions	<u>618,761.00</u>		<u>618,761.00</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>20,425,013.33</u>	<u>60,286.19</u>	<u>20,485,299.52</u>
LIABILITIES:			
Accounts payable			
Related to pensions	285,448.00		285,448.00
Other	7,606.08	1,050.15	8,656.23
Intergovernmental payable:			
State	3,678.66		3,678.66
Unearned revenue	2,600.00	19,869.64	22,469.64
Accrued interest due within one year	70,216.67		70,216.67
Noncurrent liabilities:			
Due within one year	917,687.50		917,687.50
Due beyond one year	11,452,700.34		11,452,700.34
Total liabilities	<u>12,739,937.25</u>	<u>20,919.79</u>	<u>12,760,857.04</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of resources from pensions	<u>2,146,997.00</u>		<u>2,146,997.00</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>14,886,934.25</u>	<u>20,919.79</u>	<u>14,907,854.04</u>
NET POSITION:			
Net investment in capital assets	9,930,818.00	7,485.00	9,938,303.00
Restricted for:			
Debt Service	1.09		1.09
Capital Projects	157,776.10		157,776.10
Other purposes	2,716,320.70		2,716,320.70
Unrestricted	<u>(7,266,836.81)</u>	<u>31,881.40</u>	<u>(7,234,955.41)</u>
Total net position	<u>\$ 5,538,079.08</u>	<u>\$ 39,366.40</u>	<u>\$ 5,577,445.48</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, 2020

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	\$ 7,436,329.75	\$ -	\$ 82,220.62	\$ -	\$ (7,354,109.13)	\$ -	\$ (7,354,109.13)
Special education	1,941,423.58		251,474.00		(1,689,949.58)		(1,689,949.58)
Other instruction	932,317.64				(932,317.64)		(932,317.64)
Support Services:							
Tuition	206,052.31				(206,052.31)		(206,052.31)
Student & instruction related services	1,778,524.92		115,413.34		(1,663,111.58)		(1,663,111.58)
General administrative services	455,314.76				(455,314.76)		(455,314.76)
School administrative services	596,711.38				(596,711.38)		(596,711.38)
Central services	653,978.79				(653,978.79)		(653,978.79)
Plant operations and maintenance	2,191,281.44				(2,191,281.44)		(2,191,281.44)
Pupil transportation	1,050,691.57				(1,050,691.57)		(1,050,691.57)
Unallocated employee benefits	10,393,545.98		7,595,312.17		(2,798,233.81)		(2,798,233.81)
Transfer to Charter Schools	9,825.00				(9,825.00)		(9,825.00)
Interest and other costs on long-term debt	226,783.67				(226,783.67)		(226,783.67)
Unallocated depreciation and amortization	(6,585.00)				6,585.00		6,585.00
Total governmental activities	<u>27,866,195.79</u>	<u>-</u>	<u>8,044,420.13</u>	<u>-</u>	<u>(19,821,775.66)</u>	<u>-</u>	<u>(19,821,775.66)</u>
Business-type activities:							
Food service program	<u>283,145.23</u>	<u>144,989.53</u>	<u>92,491.18</u>	<u>-</u>	<u>-</u>	<u>(45,664.52)</u>	<u>(45,664.52)</u>
Total business-type activities	<u>283,145.23</u>	<u>144,989.53</u>	<u>92,491.18</u>	<u>-</u>	<u>-</u>	<u>(45,664.52)</u>	<u>(45,664.52)</u>
Total primary government	<u>28,149,341.02</u>	<u>144,989.53</u>	<u>8,136,911.31</u>	<u>-</u>	<u>(19,821,775.66)</u>	<u>(45,664.52)</u>	<u>(19,867,440.18)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					12,987,833.00		12,987,833.00
Taxes levied for debt service					605,441.00		605,441.00
Federal and state aid not restricted					6,501,243.00		6,501,243.00
Tuition charges					133,833.40		133,833.40
Transportation charges					87,460.00		87,460.00
Municipal surplus					-		-
Investment earnings					5,038.79		5,038.79
Miscellaneous income					80,024.16		80,024.16
Total general revenues, special items, extraordinary items and transfers					<u>20,400,873.35</u>	<u>-</u>	<u>20,400,873.35</u>
Change in Net Position					579,097.69	(45,664.52)	533,433.17
Net Position - July 1					<u>4,958,981.39</u>	<u>85,030.92</u>	<u>5,044,012.31</u>
Net Position - June 30					<u>\$ 5,538,079.08</u>	<u>\$ 39,366.40</u>	<u>\$ 5,577,445.48</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, 2020

ASSETS	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 1,714,450.22	\$ -	\$ 151,134.92	\$ 1.09	\$ 1,865,586.23
Receivables, net		34,378.62			34,378.62
Interfund receivable	36,699.96				36,699.96
Intergovernmental receivable	61,522.00				61,522.00
Restricted cash and cash equivalents	780,933.48				780,933.48
Total assets	2,593,605.66	34,378.62	151,134.92	1.09	2,779,120.29
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	7,606.08				7,606.08
Contracts payable					-
Temporary note payable					-
Intergovernmental payable:					
State		3,678.66			3,678.66
Federal					-
Unearned revenues	2,600.00				2,600.00
Interfund payable		30,699.96			30,699.96
Total liabilities	10,206.08	34,378.62	-	-	44,584.70
Fund Balances:					
Restricted for:					
Excess surplus	659,778.43				659,778.43
Excess Surplus - Designated for Subsequent Year's Expenditures	652,039.68				652,039.68
Capital reserve account	6,641.18				6,641.18
Maintenance reserve account	774,292.30				774,292.30
Assigned to:					
Year-end encumbrances	571,753.97				571,753.97
Designated for subsequent year's expenditures	58,456.32			1.00	58,457.32
Unassigned	(139,562.30)		151,134.92	0.09	11,572.71
Total fund balances	2,583,399.58	-	151,134.92	1.09	2,734,535.59
Total liabilities and fund balances	\$ 2,593,605.66	\$ 34,378.62	\$ 151,134.92	\$ 1.09	

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 \$35,161,525.00 and the accumulated depreciation is \$18,103,693.00.	17,057,832.00
Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the funds.	(70,216.67)
Accounts payable related to the April 1, 2021 required PERS contribution that is not to be liquidated with current financial resources.	(285,448.00)
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	\$ 618,761.00
Net Pension Liability	(4,715,177.00)
Deferred Inflows of resources from Pensions	(2,146,997.00)
	(6,243,413.00)
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	(7,127,014.00)
Capital leases payable	-
Compensated absences	(528,196.84)
	(7,655,210.84)
Net position of governmental activities	\$ 5,538,079.08

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, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 12,987,833.00	\$ -	\$ -	\$ 605,441.00	\$ 13,593,274.00
Tuition charges	133,833.40				133,833.40
Transportation fees	87,460.00				87,460.00
Capital Reserve - Interest earned	9.60				9.60
Maintenance Reserve - Interest earned	5,029.19				5,029.19
Miscellaneous	80,024.16				80,024.16
Total revenues-local sources	13,294,189.35	-	-	605,441.00	13,899,630.35
State sources	9,354,336.17	69,068.34		410,409.00	9,833,813.51
Federal sources		380,039.62			380,039.62
Total revenues	22,648,525.52	449,107.96	-	1,015,850.00	24,113,483.48
EXPENDITURES:					
Current expense:					
Regular instruction	6,686,145.29	82,220.62			6,768,365.91
Special education instruction	1,689,949.58	251,474.00			1,941,423.58
Other instruction	932,317.64				932,317.64
Support services and undistributed costs:					
Tuition	206,052.31				206,052.31
Student & instruction related services	1,663,111.58	115,413.34			1,778,524.92
General administrative services	356,083.76				356,083.76
School administrative services	596,711.38				596,711.38
Central services	653,978.79				653,978.79
Plant operations and maintenance	2,219,524.37				2,219,524.37
Pupil transportation	1,050,691.57				1,050,691.57
Unallocated employee benefits	5,963,738.98				5,963,738.98
Capital outlay	311,007.07				311,007.07
Transfer to Charter School	9,825.00				9,825.00
Debt service:					
Principal				780,000.00	780,000.00
Interest and other charges				235,850.00	235,850.00
Total expenditures	22,339,137.32	449,107.96	-	1,015,850.00	23,804,095.28
Excess (deficiency) of revenues over (under) expenditures	309,388.20	-	-	-	309,388.20
Other Financing Sources (Uses):					
Transfers in					-
Transfers out					-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	309,388.20	-	-	-	309,388.20
Fund balances, July 1	2,274,011.38		151,134.92	1.09	2,425,147.39
Fund balances, June 30	\$ 2,583,399.58	\$ -	\$ 151,134.92	\$ 1.09	\$ 2,734,535.59

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, 2020

Total net change in fund balances - governmental funds (from B-2)	\$	309,388.20
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	\$ (992,307.00)	
Loss on Disposal of Assets	(5,223.00)	
Capital outlay	<u>493,319.00</u>	(504,211.00)
<p style="margin-left: 40px;">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.</p>		
		780,000.00
<p style="margin-left: 40px;">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.</p>		
		56,200.00
<p style="margin-left: 40px;">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.</p>		
		9,066.33
<p style="margin-left: 40px;">Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities.</p>		
		(97,997.00)
<p style="margin-left: 40px;">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 (+).</p>		
		<u>26,651.16</u>
Change in net position of governmental activities	\$	<u><u>579,097.69</u></u>

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2020

	<u>Business-type Activities Enterprise Funds</u>
	<u>2020</u>
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 38,390.59
Accounts receivable	1,336.26
Inventories	<u>13,074.34</u>
Total current assets	<u>52,801.19</u>
Noncurrent assets:	
Equipment	305,570.00
Less accumulated depreciation	<u>(298,085.00)</u>
Total noncurrent assets	<u>7,485.00</u>
Total assets	<u><u>\$ 60,286.19</u></u>
 LIABILITIES:	
Current liabilities:	
Accounts Payable	\$ 1,050.15
Unearned revenue	<u>19,869.64</u>
Total liabilities	<u>20,919.79</u>
 NET ASSETS:	
Invested in capital assets net of related debt	7,485.00
Unrestricted	<u>31,881.40</u>
Total net position	<u><u>\$ 39,366.40</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, 2020

	<u>Business-type Activities Enterprise Funds</u>
	2020
Operating revenues:	
Charges for services:	
Daily sales-reimbursable programs	\$ 74,735.81
Daily sales-non-reimbursable programs	70,253.72
	144,989.53
Operating expenses:	
Salaries	111,699.11
Benefits	12,576.32
Supplies and materials	7,726.22
Depreciation	839.00
Management fee	21,929.88
Direct expenses	0.00
Repairs and maintenance	29,365.25
Cost of sales - reimbursable programs	66,109.00
Cost of sales - non-reimbursable programs	32,900.45
	283,145.23
Total operating expenses	283,145.23
Operating income (loss)	(138,155.70)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	3,092.41
Federal sources:	
National school lunch program	61,353.41
Milk	107.17
U.S.D.A. commodities	27,938.19
	92,491.18
Total nonoperating revenues (expenses)	92,491.18
Change in net position	(45,664.52)
Total net position - July 1	85,030.92
Total net position - June 30	\$ 39,366.40

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, 2020

	<u>Business-type Activities Enterprise Funds</u>
	<u>2020</u>
Cash flows from operating activities:	
Receipts from customers	\$ 154,023.47
Payments to employees	(124,275.43)
Payments to suppliers	(132,640.20)
Net cash used for operating activities	<u>(102,892.16)</u>
Cash flows from noncapital financing activities:	
State sources	2,569.73
Federal sources	64,857.09
Net cash provided by non-capital financing activities	<u>67,426.82</u>
Cash flows from capital activities:	
Purchases of fixed assets	<u> </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	(35,465.34)
Balances - July 1	<u>73,855.93</u>
Balances - June 30	<u>\$ 38,390.59</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (138,155.70)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	839.00
Federal commodities	27,938.19
(Increase) decrease in accounts receivable	
(Increase) decrease in inventories	(3,597.74)
Increase (decrease) in accounts payable	1,050.15
Increase (decrease) in deferred revenue	9,033.94
Total adjustments	<u>35,263.54</u>
Net cash provided by (used for) operating activities	<u>\$ (102,892.16)</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, 2020

	<u>Unemployment Compensation</u>	<u>Flexible Spending Account</u>	<u>Agency Funds</u>
ASSETS:			
Cash and cash equivalents	\$ 142,576.85	\$ 8,707.54	\$ 85,351.47
Accounts Receivable			
Total assets	142,576.85	8,707.54	85,351.47
 LIABILITIES:			
Payroll deductions and withholdings	\$ -	\$ -	\$ 16,427.75
Accounts payable	22,931.51		
Due to student groups			68,923.72
Interfund payable		6,000.00	
Total liabilities	-	\$ 6,000.00	\$ 85,351.47
 Net Position:			
Held in trust for unemployment claims	\$ 119,645.34		
Held in trust for claims		\$ 2,707.54	

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2020

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Account</u>
ADDITIONS:		
Board contributions	\$	\$ -
Employee contributions	31,947.00	20,000.00
Interest on Investments	923.86	
Net contributions	<u>32,870.86</u>	<u>20,000.00</u>
DEDUCTIONS:		
Flexible Spending Account Claims		18,346.40
Unemployment Claims	52,526.35	
Total deductions	<u>52,526.35</u>	<u>18,346.40</u>
Change in net position	(19,655.49)	1,653.60
Net position - July 1	<u>139,300.83</u>	<u>1,053.94</u>
Net position - June 30	<u>\$ 119,645.34</u>	<u>\$ 2,707.54</u>

Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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, 2020 of 1,428 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, 2020**

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, 2020**

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, 2020**

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, 2020

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, 2020**

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, 2020 and 2019 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, 2020.

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, 2020**

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, 2020

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, 2020.

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, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements – 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, 2019. 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 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.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. This Statement should have no impact on the District’s financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objectives of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after December 15, 2022. This Statement should have no impact on the District’s financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosure regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management is currently evaluating the impact of the adoption of this Statement on the District’s financial statements.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

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 \$3,145,975 as of June 30, 2020, \$250,000 was insured under FDIC and the remaining balance of \$2,895,975 was collateralized under GUDPA.

3. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Balance – July 1, 2019	\$	6,632
Increased by:		
Transfer from Capital Projects		
Interest Earned		9
		6,641
Decreased by:		
		-
Balance – June 30, 2020	\$	6,641

The June 30, 2020 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted capital projects.

4. ACCOUNTS RECEIVABLE

Receivables at June 30, 2020 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.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

4. ACCOUNTS RECEIVABLE (Continued)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
State Aid	\$ 61,522	\$ 5,445	\$ 814	\$ 67,781
Federal Aid		28,934	522	29,456
Other				
Total	<u>\$ 61,522</u>	<u>\$ 34,379</u>	<u>\$ 1,336</u>	<u>\$ 97,237</u>

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance June 30, 2020</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	217,285		1,450,088
Building and Building Improvements	29,930,407			29,930,407
Equipment (Restated)	3,241,821	276,034	(166,825)	3,351,030
Totals at historical cost	<u>34,405,031</u>	<u>493,319</u>	<u>(166,825)</u>	<u>34,731,525</u>
<i>Less Accumulated Depreciation:</i>				
Site and Site Improvements	(1,183,039)	(25,453)		(1,208,492)
Building and Building Improvements	(13,445,309)	(781,942)		(14,227,251)
Equipment (Restated)	(2,644,640)	(184,912)	161,602	(2,667,950)
Totals accumulated depreciation	<u>(17,272,988)</u>	<u>(992,307)</u>	<u>161,602</u>	<u>(18,103,693)</u>
Total Capital Assets, being depreciated, net	<u>17,132,043</u>	<u>(498,988)</u>	<u>(5,223)</u>	<u>16,627,832</u>
Governmental Activities Capital Assets, Net	<u>\$ 17,562,043</u>	<u>\$ (498,988)</u>	<u>\$ (5,223)</u>	<u>\$ 17,057,832</u>
Business-Type Activities:				
<i>Capital Assets, being depreciated:</i>				
Equipment	\$ 305,570	\$ -	\$ -	\$ 305,570
Less accumulated depreciation	(297,246)	(839)		(298,085)
Business-Type Activities Capital Assets, Net	<u>\$ 8,324</u>	<u>\$ (839)</u>	<u>\$ -</u>	<u>\$ 7,485</u>

Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

5. CAPITAL ASSETS (Continued)

Depreciation expense in the amount of \$992,307 was charged to governmental functions as follows:

Function	Amount
Instruction	\$ 694,615
General Administration	99,231
Plant Operations and Maintenance	148,846
Unallocated	49,615
Total	\$ 992,307

6. INVENTORY

Inventory in the Food Service Fund at June 30, 2020 consisted of the following:

Food	\$ 11,759
Supplies	1,315
	\$ 13,074

7. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2020, the following changes occurred in long-term obligations:

<u>Governmental Activities:</u>	Principal Outstanding July 1, 2019	Additions	Reductions	Principal Outstanding June 30, 2020	Amounts Due Within One Year
Serial Bonds Payable	\$ 7,715,000	\$ -	\$ 780,000	\$ 6,935,000	\$ 825,000
Unamortized Premiums	248,214		56,200	192,014	56,200
Compensated Absences	554,848		26,651	528,197	36,487
Net Pension Liability	5,093,062		377,885	4,715,177	
Total Governmental Activity	\$ 13,611,124	\$ -	\$ 1,240,736	\$ 12,370,388	\$ 917,687

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. Outstanding bonds issued by the District are as follows:

2015 Refunding Bonds dated December 3, 2015 in the amount of \$2,610,000 due in annual installments through March 1, 2024 bearing an interest rate of 4.00%.

2017 School Bonds dated November 29, 2017 in the amount of \$4,325,000 due in annual installments through September 1, 2032 bearing interest rates ranging from 2.00% to 3.00%.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

7. LONG-TERM OBLIGATIONS (Continued)

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>
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	860,000	118,650	978,650
2025	400,000	86,250	486,250
2026-2030	2,000,000	297,500	2,297,500
2031-2033	<u>1,125,000</u>	<u>48,375</u>	<u>1,173,375</u>
	<u>\$ 6,935,000</u>	<u>\$ 1,088,725</u>	<u>\$ 8,023,725</u>

As of June 30, 2020 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, 2020, the District had operating lease agreements in effect for copiers.

Total operating lease payments made during the year ended June 30, 2020, and 2019 were \$58,992 and \$59,127 respectively. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2021	\$ 50,628
June 30, 2022	27,625
June 30, 2023	19,299
June 30, 2024	6,433
Total future minimum lease payments	<u>\$ 103,985</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.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

9. PENSION PLANS (Continued)

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:

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

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

Contributions - The contribution requirements of plan members are determined by N.J.S.A.18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the member contribution rate was 7.50% in State fiscal year 2020. 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.

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, 2020 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, 2019, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2020 was \$1,717,097 and was paid by April 1, 2020. School District employee contributions to the pension plan during the fiscal year ended June 30, 2020 were \$698,184.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

9. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF)

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, 2020, 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, 2020, the School District recognized pension expense of \$3,091,343 and revenue of \$3,091,343 for support provided by the State. Although the School District does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the School District.

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

	06/30/19	06/30/18
Collective deferred outflows of resources	\$ 9,932,767,606	\$ 12,473,998,870
Collective deferred inflows of resources	17,539,845,423	16,180,773,643
Collective net pension liability (Non-Employer – State of New Jersey)	61,519,112,443	63,617,852,031
State's portion of the net pension liability that was associated with the School District	52,411,029	51,728,870
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	.0854003958%	.0813118774%

Actuarial assumptions – The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019.

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55- 4.45%
	based on years of service
Thereafter	2.75 – 5.65%
	based on years of service
Investment Rate of Return:	7.00%

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

9. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF)

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality tables with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100.00%</u>	

Discount rate. The discount rate used to measure the State's total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019, 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 based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

9. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF)

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, 2019, 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 5.60%, 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 (4.60%) or 1 percentage point higher (6.60%) that the current rate:

	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	61,804,203	52,411,029	44,617,660
	\$ 61,804,203	\$ 52,411,029	\$ 44,617,660

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. The PERS provides retirement, death and disability, and medical benefits to certain qualified members. Vesting Membership in the PERS is mandatory for substantially all full-time employees of the Authority, 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. For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR), which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

Vesting and Benefit Provisions – 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 medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

Contributions - The contribution requirements of plan members are determined by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. The member contribution rate was 7.50% in State fiscal year 2019. 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, 2020 was 16.67% 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, 2019, the School Districts contractually required contribution to the pension plan for the fiscal year ended June 30, 2020 was \$255,448 and was paid by April 1, 2020. School District employee contributions to the pension plan during the fiscal year ended June 30, 2020 were \$129,011.

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:

Fiscal Year	Normal Contributions	Accrued Liability	Non Contributory Life	Long Term Disability	Total Liability Paid by District
2020	\$ 23,555	\$ 217,974	\$ 13,015	\$ 904	\$ 255,448
2019	32,152	213,441	11,699	867	258,159
2018	32,542	202,649	12,051	2,772	250,014

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, 2020, the School District reported a liability of \$4,715,177 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2020**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

For the year ended June 30, 2020, the School District recognized pension expense of \$67,092. At June 30, 2020, the School District reported a liability of \$8,949,303 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	\$ 84,631	\$ 20,830
Changes of assumptions	470,828	1,636,623
Net Difference between projected and actual earnings on pension plan investments		74,431
Changes in proportion	63,302	415,113
District contributions subsequent to the measurement date	285,448	
Total	\$ 904,209	\$ 2,146,997

\$285,448 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, 2020, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net liability in the year ended June 30, 2020.

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
2021	\$ (358,846)
2022	(574,400)
2023	(350,773)
2024	(220,058)
2025	(24,159)
Total	\$ (1,528,236)

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

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, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	-	5.21
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
June 30, 2018	-	5.63
June 30, 2019	-	5.21
Net Difference between projected and actual earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2015	5.00	5.00
June 30, 2016	5.00	5.00
June 30, 2017	5.00	5.00
June 30, 2018	5.00	5.00
June 30, 2019	5.00	5.00

Additional Information

Collective balances at June 30, 2019 and 2018 are as follows:

	<u>6/30/2019</u>	<u>6/30/2018</u>
Collective deferred outflows of resources	\$ 3,149,522,616	\$ 4,684,852,302
Collective deferred inflows of resources	\$ 7,645,087,574	\$ 7,646,736,226
Collective net pension liability	\$ 18,143,832,135	\$ 19,689,501,539
School District's Proportion	.0261685594%	.0258668916%

Actuarial assumptions – The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
Total	<u>100.00%</u>	

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Discount rate. The discount rate used to measure the State's total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019, 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 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, 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, 2019, calculated using the discount rate of 6.28%, 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 (5.28%) or 1 percentage point higher (7.28%) than the current rate:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
School District's proportionate share of the net pension liability	\$ 5,956,035	\$ 4,715,177	\$ 3,669,579

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

Defined Contribution Retirement Program (DCRP)

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

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

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

Year	Employer Liability	Paid by School District
2020	\$ 25,740	\$ 25,740
2019	25,818	25,818
2018	19,696	19,696

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Benefits Provided

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

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

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

Contributions

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

Plan Membership

As of June 30, 2018, the program membership consisted of the following:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
	364,943

Total Non-Employer OPEB Liability

The State of New Jersey, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB Plan for qualified retired PERS, TPAF and PFRS participants. The School Districts’s proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Actuarial assumptions and other imputes - The total nonemployer OPEB liability as of the June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member enrolled in.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

Inflation rate	2.50%		
	TPAF/ABP	PERS	PFRS
Salary Increases Through 2026	1.55 – 3.05% based on years of service	2.00 – 6.00% based on age	3.25 – 15.25% based on age
Thereafter	1.55 - 3.05% based on years of service	3.00 - 7.00% based on age	3.10 - 9.98% based on age

Preretirement mortality rates were based on the Pub-2010 Healthy Teacher’s (TPAF), and “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational improvement projections from the central year using the Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational improvement projections from the central year using the Scale MP-2019.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate - The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in the Total Nonemployer OPEB Liability

The table below summarizes the State's proportionate share of the change in the total nonemployer OPEB liability associated with the School District:

	Total OPEB Liability
Balance as of June 30, 2018	\$ 36,839,453
Changes for the years'	
Service Cost	1,709,275
Interest	1,472,520
Changes of benefit terms	
Differences between expected and actual experience	(5,685,111)
Changes in assumptions	504,450
Gross Benefit Payments	(1,038,566)
Contributions from the Non-employer	N/A
Contributions from the Member	30,786
Net Investment Income	N/A
Administrative Expense	N/A
Net Changes	\$ (3,006,646)
Balance at 06/30/2019	\$ 33,832,807

Sensitivity of the total nonemployer OPEB liability to changes in the discount rate - The following presents the total nonemployer OPEB liability as of June 30, 2019, respectively, associated with the School District, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1percentage-point higher than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 39,969,915	\$ 33,832,807	\$ 28,957,825

Sensitivity of the total nonemployer OPEB liability to changes in the healthcare cost trend rate - The following presents the total nonemployer OPEB liability as of June 30, 2019, associated with the School District, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1percentage-point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 41,061,453	\$ 33,832,807	\$ 27,483,379

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

For the year ended June 30, 2020, the School District recognized \$1,173,375 in OPEB expense and revenue, in the government-wide financial statements, for the State’s proportionate share of the OPEB Plan’s OPEB Expense, associated with the School District. This expense and revenue was based on the OPEB Plan’s June 30, 2019 measurement date.

In accordance with GASBS No. 75, the School District’s proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the School District.

At June 30, 2020, the State’s proportionate share of the total nonemployer OPEB liability’s deferred outflows of resources and deferred inflows of resources, associated with the School District, from the following sources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and		
actual experiences	\$ -	\$ 8,500,925
Changes of assumptions	-	6,876,594
Total	\$ -	\$ 15,377,519

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

For the year ended:	
2020	\$ (2,064,655)
2021	(2,064,655)
2022	(2,064,655)
2023	(2,064,655)
2024	(2,064,655)
Therafter	(5,054,243)
Total	\$ (15,377,518)

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.

11. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2020, 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 \$1,887,911, \$700,380, and \$993, respectively. In addition, \$674,218 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.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

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>	
2019-2020	\$	\$	31,947	\$ 923	\$ 52,526	\$ 119,645
2018-2019			31,603	166	39,348	139,301
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

13. DEFERRED COMPENSATION

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

14. COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2020, the liability for compensated absences in the governmental fund was \$528,197.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

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, 2021. The following interfund balances were recorded on the various balance sheets as of June 30, 2020:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 36,700	\$ -
Special Revenue		30,700
Fiduciary		6,000
	\$ 36,700	\$ 36,700

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, 2020, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District. Additionally, unearned revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

17. TAX ABATEMENTS

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

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

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

The municipality recognized revenue of \$421,553 from the annual service charge in lieu of payment of taxes in 2019. The assessed value on these tax exemption properties amounted to \$29,335,700 which would have resulted in 2019 taxes billed in full of \$873,617. A portion of the \$452,064 abatement would have been allocated to the District.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020**

18. DEFICIT UNASSIGNED FUND BALANCE

The School District has a deficit unassigned fund balance of \$139,562, in the General Fund as of June 30, 2020 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 \$139,562 is equal to or less than the June state aid payment.

19. DEFICIT UNRESTRICTED NET POSITION

As of June 30, 2020, a deficit of \$7,266,837 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 is as follows:

Balances June 30, 2020	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds):	
Fund Balance – Unassigned	\$ (139,562)
Liabilities:	
Accrued Interest Payable	(70,217)
Net Pension Differences	(6,528,861)
Compensated Absences	<u>(528,197)</u>
Unrestricted Net position (Deficit)	<u>\$ (7,266,837)</u>

20. FUND BALANCES

RESTRICTED

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

General Fund:

Excess Surplus – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund, fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2020 is \$659,778 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$652,040 of excess fund balance generated during the 2018-2019 fiscal year has been restricted and designated for utilization in the 2020-2021 budget.

Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

20. FUND BALANCES (Continued)

Capital Reserve – As of June 30, 2020, the balance in the capital reserve account is \$6,641 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, 2020, the balance in the maintenance reserve account is \$774,292. 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, 2020 the School District has \$571,754 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 \$58,456 anticipated revenue for the fiscal year ending June 30, 2021.

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, 2020, the unassigned fund balance of the general fund was a deficit of (\$139,562). 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, 2020, the unassigned fund balance of the capital projects fund was \$151,135.

21. SUBSEQUENT EVENTS

COVID-19 - the management of the School District has evaluated its financial statements for subsequent events through the date that the financial statements were issued. As a result of the spread of the COVID-19 coronavirus in New Jersey, economic uncertainties have arisen which could negatively impact the financial position of the School District. While the impact that COVID-19 will have is currently expected to be temporary, as of the date of the financial statements, the related financial impact and duration cannot be reasonably estimated.

Required Supplementary Information - Part II

Budgetary Comparison Schedules

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2020

	<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	\$ 12,987,833.00		\$ 12,987,833.00	\$ 12,987,833.00	\$ -
Tuition - Individuals			-	65,581.00	65,581.00
Tuition - Other LEA's	80,000.00		80,000.00	68,252.40	(11,747.60)
Transportation Fees	50,000.00		50,000.00	87,460.00	37,460.00
Interest Earned on Capital Reserve Funds			-	9.60	9.60
Interest Earned on Maintenance Reserve Funds	10.00		10.00	5,029.19	5,019.19
Miscellaneous	49,940.00		49,940.00	80,024.16	30,084.16
Total - Local Sources	<u>13,167,783.00</u>	<u>-</u>	<u>13,167,783.00</u>	<u>13,294,189.35</u>	<u>126,406.35</u>
State Sources:					
Equalization Aid	4,957,014.00		4,957,014.00	4,957,014.00	-
Transportation Aid	153,456.00		153,456.00	153,456.00	-
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			-	61,379.00	61,379.00
Nonpublic School Transportation Costs - Other State Aid				143.00	143.00
On-Behalf TPAF Pension Contributions (non-budgeted)	-		-	1,887,911.00	1,887,911.00
On-Behalf TPAF Post Retirement Medical (non-budgeted)				700,380.00	700,380.00
On-Behalf TPAF LTDI (non-budgeted)				993.00	993.00
Reimbursed TPAF Social Security Contrib.(non-budgeted)	-	-	-	674,218.17	674,218.17
Total - State Sources	<u>6,017,974.00</u>	<u>-</u>	<u>6,017,974.00</u>	<u>9,342,998.17</u>	<u>3,325,024.17</u>
Total Revenues	<u>\$ 19,185,757.00</u>	<u>\$ -</u>	<u>\$ 19,185,757.00</u>	<u>\$ 22,637,187.52</u>	<u>\$ 3,451,430.52</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Preschool:					
Salaries of Teachers	\$ 111,100.00	\$ -	\$ 111,100.00	\$ 111,041.66	\$ 58.34
Other Salaries for Instruction	-		-	-	-
Salaries of Teachers:					
Kindergarten	711,750.00	(5,700.00)	706,050.00	701,596.38	4,453.62
Grades 1-5	4,454,231.00	(44,200.00)	4,410,031.00	4,381,077.75	28,953.25
Grades 6-8	906,000.00	(93,000.00)	813,000.00	783,784.87	29,215.13
Regular Programs - Home Instruction:					
Salaries of Teachers	4,500.00	-	4,500.00	3,826.25	673.75
Regular Programs - Undistributed Instruction:					
Purchased Educational Services	-	-	-	-	-
Purchased Technical Services	-	-	-	-	-
Other Purchased Services	500.00	-	500.00	460.89	39.11
Rentals	43,602.00	-	43,602.00	40,027.22	3,574.78
General Supplies	518,932.69	182,900.00	701,832.69	619,654.54	82,178.15
Textbooks	79,600.00	-	79,600.00	44,675.73	34,924.27
Other Objects	-	-	-	-	-
Total Regular Programs	<u>6,830,215.69</u>	<u>40,000.00</u>	<u>6,870,215.69</u>	<u>6,686,145.29</u>	<u>184,070.40</u>

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, 2020

	<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	\$ 1,044,435.00	\$ (15,000.00)	\$ 1,029,435.00	\$ 1,025,729.27	\$ 3,705.73
Other Salaries for Instruction	167,800.00	(44,000.00)	123,800.00	121,862.06	1,937.94
Purchased Educational Services	-	-	-	-	-
General Supplies	7,000.00	-	7,000.00	302.83	6,697.17
Textbooks	10,406.60	-	10,406.60	3,399.23	7,007.37
Other Objects	25,800.00	(23,000.00)	2,800.00	1,493.00	1,307.00
Total Resource Room/Resource Center	1,255,441.60	(82,000.00)	1,173,441.60	1,152,786.39	20,655.21
Autism:					
Salaries of Teachers	227,519.00	(30,000.00)	197,519.00	190,928.12	6,590.88
Other Salaries for Instruction	283,774.00	(37,866.00)	245,908.00	228,723.99	17,184.01
Purchased Educational Services	11,810.00	-	11,810.00	2,867.70	8,942.30
General Supplies	4,250.00	-	4,250.00	741.44	3,508.56
Textbooks	5,500.00	-	5,500.00	715.03	4,784.97
Other Objects	200.00	-	200.00	150.00	50.00
Total Autism	533,053.00	(67,866.00)	465,187.00	424,126.28	41,060.72
Preschool Disabilities:					
Salaries of Teachers	68,530.00	-	68,530.00	58,570.64	9,959.36
Other Salaries for Instruction	55,000.00	-	55,000.00	54,466.27	533.73
Purchased Educational Services	-	-	-	-	-
General Supplies	-	-	-	-	-
Textbooks	-	-	-	-	-
Other Objects	-	-	-	-	-
Total Preschool Disabilities	123,530.00	-	123,530.00	113,036.91	10,493.09
Home Instruction:					
Salaries of Teachers	-	-	-	-	-
Other Salaries for Instruction	-	-	-	-	-
Purchased Educational Services	14,150.00	(10,000.00)	4,150.00	-	4,150.00
Total Home Instruction	14,150.00	(10,000.00)	4,150.00	-	4,150.00
Total Special Education - Instruction	1,926,174.60	(159,866.00)	1,766,308.60	1,689,949.58	76,359.02

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 608,400.00	\$ 8,000.00	\$ 616,400.00	\$ 613,575.77	\$ 2,824.23
Other Salaries for Instruction	244,185.00	(8,000.00)	236,185.00	233,845.20	2,339.80
General Supplies	1,500.00	-	1,500.00	1,328.17	171.83
Textbooks	500.00	-	500.00	472.50	27.50
Total Basic Skills/Remedial - Instruction	854,585.00	-	854,585.00	849,221.64	5,363.36
Bilingual - Instruction:					
Salaries of Teachers	-	-	-	-	-
General Supplies	150.00	-	150.00	-	150.00
Textbooks	250.00	-	250.00	-	250.00
Total Bilingual - Instruction	400.00	-	400.00	-	400.00
Other Supplemental/At-Risk Program:					
Salaries of Reading Specialists	83,140.00	-	83,140.00	83,096.00	44.00
Total Instruction	9,694,515.29	(119,866.00)	9,574,649.29	9,308,412.51	266,236.78
Undistributed Expenditures - Instruction:					
Tuition - Other LEAs Within State - Regular	-	-	-	-	-
Tuition - Other LEAs Within State - Special	-	9,667.40	9,667.40	9,667.40	-
Tuition to CSSD & Regional Day Schools	89,460.00	16,000.00	105,460.00	94,827.55	10,632.45
Tuition to Private Schools for the Hand. - Within State	172,760.00	(49,667.40)	123,092.60	101,557.36	21,535.24
Tuition - Other	-	-	-	-	-
Total Undistributed Expenditures - Instruction	262,220.00	(24,000.00)	238,220.00	206,052.31	32,167.69
Undistributed Expenditures - Attendance:					
Other Purchased Services	13,200.00	-	13,200.00	13,200.00	-
Undistributed Expenditures - Health Services:					
Salaries	207,102.00	(5,800.00)	201,302.00	198,141.49	3,160.51
Purchased Professional and Technical Services	11,406.00	-	11,406.00	9,486.78	1,919.22
Supplies and Materials	9,100.00	-	9,100.00	6,453.20	2,646.80
Total Undistributed Expenditures - Health Services	227,608.00	(5,800.00)	221,808.00	214,081.47	7,726.53
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	335,300.00	-	335,300.00	332,884.00	2,416.00
Purchased Professional - Educational Services	201,569.00	49,866.00	251,435.00	240,250.74	11,184.26
Supplies and Materials	12,300.00	(3,000.00)	9,300.00	6,474.13	2,825.87
Total Undistributed Expenditures - Other Support Services - Students - Related Services	549,169.00	46,866.00	596,035.00	579,608.87	16,426.13
Undistributed Expenditures - Other Support Services - Students - Regular:					
Salaries of Other Professional Staff	243,100.00	800.00	243,900.00	243,294.63	605.37
Purchased Professional - Educational Services	750.00	-	750.00	-	750.00
Supplies and Materials	925.00	4,000.00	4,925.00	4,878.35	46.65
Other Objects	-	-	-	-	-
Total Undistributed Expenditures - Other Support Services - Students - Regular	244,775.00	4,800.00	249,575.00	248,172.98	1,402.02

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2020

	<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	\$ 235,000.00	\$ 5,000.00	\$ 240,000.00	\$ 238,886.80	\$ 1,113.20
Salaries of Secretarial and Clerical Assistants	45,000.00		45,000.00	44,961.12	38.88
Other Salaries	16,307.00		16,307.00	7,687.59	8,619.41
Purchased Professional - Educational Services	33,555.00	(4,000.00)	29,555.00	10,929.00	18,626.00
Miscellaneous Purchased Services	8,604.00	-	8,604.00	4,800.75	3,803.25
Supplies and Materials	7,500.00	-	7,500.00	5,880.23	1,619.77
Other Objects	1,800.00		1,800.00	596.00	1,204.00
Total Undistributed Expenditures - Other Support Services -					
Students - Special	<u>347,766.00</u>	<u>1,000.00</u>	<u>348,766.00</u>	<u>313,741.49</u>	<u>35,024.51</u>
Undistributed Expend. - Imp. of Instruction Services:					
Salaries of Supervisors of Instruction	222,360.00	-	222,360.00	217,169.28	5,190.72
Salaries of Other Professional Staff	-	-	-	-	-
Salaries of Secretarial and Clerical Assistants	38,000.00	152.00	38,152.00	38,152.00	-
Other Salaries	-	-	-	-	-
Purchased Professional - Educational Services	-	-	-	-	-
Other Purchased Services	500.00	(400.00)	100.00	-	100.00
Supplies and Materials	2,500.00	(200.00)	2,300.00	2,280.30	19.70
Miscellaneous Expenditures	2,500.00	600.00	3,100.00	2,711.50	388.50
Total Undistributed Expenditures - Improv. of Instr. Services	<u>265,860.00</u>	<u>152.00</u>	<u>266,012.00</u>	<u>260,313.08</u>	<u>5,698.92</u>
Undistributed Expenditures - Educational Media/Library:					
Purchased Professional - Educational Services	3,203.42		3,203.42	2,042.84	1,160.58
Supplies and Materials	20,479.35	-	20,479.35	19,578.27	901.08
Total Undistributed Expend. - Educational Media/Library	<u>23,682.77</u>	<u>-</u>	<u>23,682.77</u>	<u>21,621.11</u>	<u>2,061.66</u>
Undistributed Expenditures - Instructional Staff Training					
Salaries of Other Professional Staff	21,000.00	-	21,000.00	10,066.20	10,933.80
Purchased Professional - Educational Services	8,500.00	-	8,500.00	-	8,500.00
Other Purchased Services	16,950.00	-	16,950.00	2,306.38	14,643.62
Miscellaneous Expenditures	-	-	-	-	-
Total Undistributed Expend. - Instructional Staff Training	<u>46,450.00</u>	<u>-</u>	<u>46,450.00</u>	<u>12,372.58</u>	<u>34,077.42</u>
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	195,213.00	463.00	195,676.00	195,584.26	91.74
Legal Services	83,000.00	36,000.00	119,000.00	65,428.20	53,571.80
Audit Fees	17,400.00	-	17,400.00	17,400.00	-
Architect/Engineer Services	10,500.00	(4,000.00)	6,500.00	-	6,500.00
Other Purchased Professional Services	3,706.00	-	3,706.00	2,057.00	1,649.00
Communications/Telephone	46,257.40	4,000.00	50,257.40	45,287.29	4,970.11
BOE Other Purchased Services	6,500.00	-	6,500.00	5,568.56	931.44
Other Purchased Services	12,600.00	-	12,600.00	11,866.48	733.52
Supplies and Materials	4,000.00	-	4,000.00	1,716.42	2,283.58
Miscellaneous Expenditures	10,000.00	-	10,000.00	4,361.00	5,639.00
Judgements	-	-	-	-	-
BOE Membership Dues and Fees	8,000.00	-	8,000.00	6,814.55	1,185.45
Total Undistributed Expend. - Support Services - Gen. Admin.	<u>397,176.40</u>	<u>36,463.00</u>	<u>433,639.40</u>	<u>356,083.76</u>	<u>77,555.64</u>
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals	434,520.00	-	434,520.00	434,520.00	-
Salaries of Secretarial and Clerical Assistants	133,656.00	(615.00)	133,041.00	119,092.87	13,948.13
Purchased Professional and Technical Services	16,690.00	59,200.00	75,890.00	14,523.25	61,366.75
Other Purchased Services	6,700.00	1,800.00	8,500.00	6,451.35	2,048.65
Supplies and Materials	13,833.94	1,500.00	15,333.94	14,025.94	1,308.00
Miscellaneous Expenditures	12,350.00	(1,500.00)	10,850.00	8,097.97	2,752.03
Total Undistributed Expend. - Support Serv. - School Admin.	<u>617,749.94</u>	<u>60,385.00</u>	<u>678,134.94</u>	<u>596,711.38</u>	<u>81,423.56</u>

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, 2020

	<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	\$ 311,178.00	\$ -	\$ 311,178.00	\$ 310,657.32	\$ 520.68
Purchased Professional Services	18,000.00	-	18,000.00	15,665.62	2,334.38
Other Purchased Services	3,323.00	-	3,323.00	2,457.84	865.16
Supplies and Materials	4,517.34	800.00	5,317.34	4,383.04	934.30
Miscellaneous Expenditures	5,500.00	(800.00)	4,700.00	3,375.31	1,324.69
Total Undistributed Expend. - Central Services	342,518.34	-	342,518.34	336,539.13	5,979.21
Undistributed Expend. - Administrative Information Technology:					
Salaries	148,000.00	-	148,000.00	146,641.98	1,358.02
Purchased Professional and Technical Services	4,000.00	-	4,000.00	3,960.00	40.00
Other Purchased Services	75,344.00	63,000.00	138,344.00	72,515.78	65,828.22
Supplies and Materials	97,846.66	-	97,846.66	94,321.90	3,524.76
Total Undistributed Expend. - Admin. Info. Technology	325,190.66	63,000.00	388,190.66	317,439.66	70,751.00
Undistributed Expenditures - Allowable Maintenance of Plant Services:					
Cleaning, Repair and Maintenance Services	415,713.40	343,400.00	759,113.40	556,713.59	202,399.81
General Supplies	60,000.00	29,000.00	89,000.00	61,392.33	27,607.67
Total Undistributed Expenditures - Allowable Maint. of Plant Services	475,713.40	372,400.00	848,113.40	618,105.92	230,007.48
Undistributed Expenditures - Other Operation and Maint. of Plant Services:					
Salaries	603,000.00	(1,000.00)	602,000.00	596,496.48	5,503.52
Salaries of Non-Instructional Aides	204,000.00	(22,300.00)	181,700.00	181,466.51	233.49
Other Purchased Property Services	39,854.68	-	39,854.68	31,358.11	8,496.57
Insurance	120,000.00	(12,000.00)	108,000.00	107,308.30	691.70
Miscellaneous Purchased Services	22,700.00	(11,600.00)	11,100.00	10,887.00	213.00
General Supplies	74,000.00	(3,400.00)	70,600.00	65,511.74	5,088.26
Natural Gas	97,000.00	(20,000.00)	77,000.00	75,935.63	1,064.37
Electricity	360,000.00	(30,000.00)	330,000.00	317,758.44	12,241.56
Other Objects	4,000.00	-	4,000.00	2,401.70	1,598.30
Total Undistributed Expenditures - Other Operation and Maint. of Plant Services	1,524,554.68	(100,300.00)	1,424,254.68	1,389,123.91	35,130.77
Undistributed Expenditures - Care & Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	43,500.00	22,650.00	66,150.00	66,132.00	18.00
General Supplies	2,289.00	(250.00)	2,039.00	127.40	1,911.60
Total Undistributed Expenditures - Care & Upkeep of Grounds:	45,789.00	22,400.00	68,189.00	66,259.40	1,929.60
Undistributed Expenditures - Security					
Purchased Professional Services	84,000.00	22,900.00	106,900.00	106,760.14	139.86
Cleaning, Repair and Maintenance Services	29,413.41	12,000.00	41,413.41	39,275.00	2,138.41
Total Undistributed Expenditures - Security	113,413.41	34,900.00	148,313.41	146,035.14	2,278.27
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	135,000.00	(19,400.00)	115,600.00	105,208.85	10,391.15
Salaries for Pupil Transportation (Between Home and School) - Regular	558,888.00	14,000.00	572,888.00	552,311.23	20,576.77
Salaries for Pupil Transportation (Between Home and School) - Special	120,000.00	-	120,000.00	100,755.20	19,244.80
Other Professional and Technical Services	9,200.00	-	9,200.00	5,100.00	4,100.00
Cleaning, Repair and Maintenance Services	100,000.00	-	100,000.00	66,962.03	33,037.97
Aid In Lieu of Transportation	58,000.00	52,000.00	110,000.00	68,655.15	41,344.85
Contracted Serv. - (Between Home and School) - Joint Agreements	53,750.00	(52,000.00)	1,750.00	-	1,750.00
Contracted Serv. - (Sp. Ed. Students) - Joint Agreements	25,000.00	(10,000.00)	15,000.00	9,648.00	5,352.00
Contracted Serv. - Special - ESCs & CTSA's	-	19,050.00	19,050.00	15,197.92	3,852.08
Miscellaneous Purchased Services - Transportation	41,526.00	950.00	42,476.00	36,689.36	5,786.64
Supplies and Materials	181,000.00	(29,500.00)	151,500.00	86,397.45	65,102.55
Miscellaneous Expenditures	3,890.00	500.00	4,390.00	3,766.38	623.62
Total Undistributed Expend. - Student Transportation Serv.	1,286,254.00	(24,400.00)	1,261,854.00	1,050,691.57	211,162.43

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, 2020

	<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	\$ 286,000.00	\$ -	\$ 286,000.00	\$ 264,697.43	\$ 21,302.57
Other Retirement Contributions - PERS	303,000.00	(40,000.00)	263,000.00	256,307.75	6,692.25
Other Retirement Contributions - Regular	-	40,000.00	40,000.00	35,846.85	4,153.15
Unemployment Compensation	-	-	-	-	-
Workmen's Compensation	200,000.00	(30,000.00)	170,000.00	169,421.00	579.00
Health Benefits	2,238,604.00	(365,900.00)	1,872,704.00	1,727,123.53	145,580.47
Tuition Reimbursement	24,000.00	15,000.00	39,000.00	32,609.00	6,391.00
Other Employee Benefits	200,000.00	-	200,000.00	195,200.00	4,800.00
Other Employee Benefits	12,576.00	6,500.00	19,076.00	19,031.25	44.75
Total Unallocated Benefits	<u>3,264,180.00</u>	<u>(374,400.00)</u>	<u>2,889,780.00</u>	<u>2,700,236.81</u>	<u>189,543.19</u>
On-behalf TPAF Pension Contributions (non-budgeted)				1,887,911.00	(1,887,911.00)
On-Behalf TPAF Post Retirement Medical (non-budgeted)				700,380.00	(700,380.00)
On-Behalf TPAF - LTDI (non-budgeted)				993.00	(993.00)
Reimbursed TPAF Social Security Contrib. (non-budgeted)		-		674,218.17	(674,218.17)
Total On-behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,263,502.17</u>	<u>(3,263,502.17)</u>
Total Undistributed Expenditures	<u>\$ 10,373,270.60</u>	<u>\$ 113,466.00</u>	<u>\$ 10,486,736.60</u>	<u>\$ 12,709,892.74</u>	<u>\$ (2,223,156.14)</u>
Total Current Expense	<u>\$ 20,067,785.89</u>	<u>\$ (6,400.00)</u>	<u>\$ 20,061,385.89</u>	<u>\$ 22,018,305.25</u>	<u>\$ (1,956,919.36)</u>
Capital Outlay:					
Undistributed Expenditures - Operation/Maint. Plant:					
Equipment	\$ -		\$ -	\$ -	\$ -
Undistributed Expenditures - Student Transportation Services:					
School Buses - Regular	184,704.50	281,400.00	466,104.50	276,035.07	190,069.43
School Buses - Special	-		-	-	-
Facilities Acquisition and Construction Services:					
Construction Services	-	-	-	-	-
Lease Purchase Principal	-	-	-	-	-
Transfer to Capital Projects	-		-	-	-
Other Objects	34,972.00	-	34,972.00	34,972.00	-
Total Capital Outlay	<u>\$ 219,676.50</u>	<u>\$ 281,400.00</u>	<u>\$ 501,076.50</u>	<u>\$ 311,007.07</u>	<u>\$ 190,069.43</u>
Transfer to Charter School	20,623.00		\$ 20,623.00	\$ 9,825.00	10,798.00
Total Expenditures	<u>\$ 20,308,085.39</u>	<u>\$ 275,000.00</u>	<u>\$ 20,583,085.39</u>	<u>\$ 22,339,137.32</u>	<u>\$ (1,756,051.93)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,122,328.39)</u>	<u>(275,000.00)</u>	<u>(1,397,328.39)</u>	<u>298,050.20</u>	<u>1,695,378.59</u>
Other Financing Sources (Uses):					
			-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ (1,122,328.39)</u>	<u>\$ (275,000.00)</u>	<u>\$ (1,397,328.39)</u>	<u>\$ 298,050.20</u>	<u>\$ 1,695,378.59</u>
Fund Balances, July 1	2,867,946.38		2,867,946.38	2,867,946.38	
Fund Balances, June 30	<u>\$ 1,745,617.99</u>	<u>\$ (275,000.00)</u>	<u>\$ 1,470,617.99</u>	<u>\$ 3,165,996.58</u>	<u>\$ 1,695,378.59</u>
Recapitulation					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 652,039.68	
Reserve for Excess Surplus				659,778.43	
Capital Reserve				6,641.18	
Maintenance Reserve				774,292.30	
Assigned Fund Balance:					
Year-End Encumbrances				571,753.97	
Designated for Subsequent Year's Expenditures				58,456.32	
Unassigned Fund Balance				443,034.70	
				<u>\$ 3,165,996.58</u>	
Last State Aid Payment not Recognized on a GAAP Basis				<u>(582,597.00)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,583,399.58</u>	

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, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State sources	\$ 72,747.00		\$ 72,747.00	\$ 69,068.34	\$ (3,678.66)
Federal sources	520,322.00		520,322.00	380,039.62	(140,282.38)
Total revenues	593,069.00	-	593,069.00	449,107.96	(143,961.04)
EXPENDITURES:					
Instruction:					
Salaries of teachers	52,047.00		52,047.00	32,435.92	19,611.08
Other salaries for instruction	-		-	-	-
Purchased professional - educ. services	3,754.00		3,754.00	-	3,754.00
Purchased professional - tech. services	34,596.00		34,596.00	22,350.00	12,246.00
Tuition	297,604.00		297,604.00	251,474.00	46,130.00
General supplies	39,066.00		39,066.00	23,234.70	15,831.30
Textbooks	4,200.00		4,200.00	4,200.00	-
Total instruction	431,267.00	-	431,267.00	333,694.62	97,572.38
Support services:					
Other salaries	-		-	-	-
Personal services - employee benefits	3,981.00		3,981.00	2,058.44	1,922.56
Purchased professional - educ. services	156,885.00		156,885.00	96,985.05	59,899.95
Purchased professional and technical services	936.00		936.00	16,369.85	(15,433.85)
Purchased property services	-		-	-	-
Travel	-		-	-	-
Other purchased services	-		-	-	-
Supplies and materials	-		-	-	-
Other objects	-		-	-	-
Total support services	161,802.00	-	161,802.00	115,413.34	46,388.66
Facilities acquisition and construction services:					
Building	-		-	-	-
Instructional equipment	-		-	-	-
Noninstructional equipment	-		-	-	-
Total facilities acq. and const. services	-	-	-	-	-
Total expenditures	593,069.00	-	593,069.00	449,107.96	143,961.04
Total outflows	593,069.00	-	593,069.00	449,107.96	143,961.04
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	\$ 22,637,187.52	\$ 449,107.96
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.	593,935.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(582,597.00)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 22,648,525.52	\$ 449,107.96
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 22,339,137.32	\$ 449,107.96
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	\$ 22,339,137.32	\$ 449,107.96

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 Seven Fiscal Years

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0261685594%	0.0258668916%	0.0266886674%	0.0292304339%	0.0298861806%	0.0295526762%	0.0301734788%
District's proportionate share of the net pension liability (asset)	\$ 4,715,177	\$ 5,093,062	\$ 6,212,695	\$ 8,657,216	\$ 6,708,849	\$ 5,533,069	\$ 5,766,751
District's covered-employee payroll	1,711,891	1,805,219	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	275.44%	282.13%	328.73%	486.10%	363.88%	283.35%	296.05%
Plan fiduciary net position as a percentage of the total pension liability	42.04%	40.45%	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 Seven Fiscal Years

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 285,448	\$ 255,448	\$ 257,292	\$ 247,242	\$ 259,679	\$ 256,941	\$ 243,628
Contributions in relation to the contractually required contributions	<u>(285,448)</u>	<u>(255,448)</u>	<u>(257,292)</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>\$ (2,772)</u>	<u>\$ (1,061)</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	1,711,891	1,805,219	1,889,883	1,780,940	1,843,690	1,952,764	1,947,894
Contributions as a percentage of covered-employee payroll	16.67%	14.15%	13.61%	13.88%	14.08%	13.16%	12.51%

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

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

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0854003958%	0.0813118774%	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	\$ 52,411,029	\$ 51,728,870	\$ 53,904,154	\$ 62,453,282	\$ 50,162,393	\$ 42,065,146	\$ 41,466,896
Total	\$ 52,411,029	\$ 51,728,870	\$ 53,904,154	\$ 62,453,282	\$ 50,162,393	\$ 42,065,146	\$ 41,466,896
District's covered-employee payroll	9,232,425	9,291,359	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%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	26.95%	26.49%	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
Last Three Fiscal Years

	June 30, 2020	June 30, 2019	June 30, 2018
State's proportion of the net OPEB liability (asset) associated with the District	0.08%	0.08%	0.08%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	\$ 33,832,807	\$ 36,839,453	\$ 43,144,768
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 33,832,807</u>	<u>\$ 36,839,453</u>	<u>\$ 43,144,768</u>
Plan fiduciary net position as a percentage of the total OPEB Liability	0.00%	0.00%	0.00%
	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability			
Service Cost	\$ 1,709,275	\$ 1,987,259	\$ 2,397,306
Interest	1,472,520	1,598,853	1,379,406
Differences between expected and actual experiences	(5,685,111)	(4,712,887)	
Changes of assumptions	504,450	(4,227,512)	(6,150,214)
Member Contributions	30,786	34,046	36,798
Benefit payments	<u>(1,038,566)</u>	<u>(985,074)</u>	<u>(999,324)</u>
Net Change in total OPEB Liability	\$ (3,006,646)	\$ (6,305,315)	\$ (3,336,028)
Total OPEB Liability - beginning	<u>\$ 36,839,453</u>	<u>\$ 43,144,768</u>	<u>\$ 46,480,796</u>
Total OPEB Liability - ending	<u>\$ 33,832,807</u>	<u>\$ 36,839,453</u>	<u>\$ 43,144,768</u>
District's covered-employee payroll	10,944,316	11,096,578	11,005,906
Total OPEB Liability as a percentage of covered-employee payroll	309.14%	331.99%	392.01%

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

Harrison Township School District
Notes to Required Supplementary Information – Part III
For the Fiscal Year Ended June 30, 2020

Teacher’s Pension and Annuity Fund (TPAF)

Changes of benefit term: There were none.

Changes of assumptions: The discount rate changed to 5.60% as of June 30, 2019 from 4.86% as of June 30, 2018 and the long-term rate of return remained at 7.00%.

Public Employees’ Retirement System (PERS)

Changes of benefit term: There were none.

Changes of assumptions: The discount rate changed to 6.28% as of June 30, 2019 from 5.66% as of June 30, 2018 and the long-term rate of return remained at 7.00%.

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 to 3.50% as of June 30, 2019 from 3.87% as of June 30, 2018.

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, 2020

	Brought Forward (Exh. E-1B)	Brought Forward (Exh. E-1C)	Brought Forward (Exh. E-1D)	Brought Forward (Exh. E-1E)	Total 2020
REVENUES:					
State sources	\$ -	\$ -	\$ 53,634.49	\$ 15,433.85	\$ 69,068.34
Federal sources	294,824.56	85,215.06	-	-	380,039.62
Local sources	-	-	-	-	-
Total Revenues	294,824.56	85,215.06	53,634.49	15,433.85	449,107.96
EXPENDITURES:					
Instruction:					
Salaries of teachers	-	32,435.92	-	-	32,435.92
Other salaries for instruction	-	-	-	-	-
Professional education services	-	-	-	-	-
Purchase professional and technical services	-	22,350.00	-	-	22,350.00
Tuition	251,474.00	-	-	-	251,474.00
General supplies	-	23,234.70	-	-	23,234.70
Textbooks	-	4,200.00	-	-	4,200.00
Total instruction	251,474.00	82,220.62	-	-	333,694.62
Support services:					
Other salaries	-	-	-	-	-
Personal services-employee benefits	-	2,058.44	-	-	2,058.44
Purchased prof. and educational services	43,350.56	-	53,634.49	-	96,985.05
Purchase professional and technical services	-	936.00	-	15,433.85	16,369.85
Purchased technical services	-	-	-	-	-
Purchased property services	-	-	-	-	-
Travel	-	-	-	-	-
Other purchased services (400-500)	-	-	-	-	-
Supplies and materials	-	-	-	-	-
Other objects	-	-	-	-	-
Total support services	43,350.56	2,994.44	53,634.49	15,433.85	115,413.34
Facilities acquisition and const. serv.:					
Building	-	-	-	-	-
Instructional equipment	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-
Total facilities acquisition and const. serv.:	-	-	-	-	-
Total Expenditures	294,824.56	85,215.06	53,634.49	15,433.85	449,107.96
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, 2020

	IDEA				Totals
	Basic	Basic	Preschool	Preschool	
	Current Yr.	Prior Yr.	Current Yr.	Prior Yr.	
REVENUES:					
State sources					\$ -
Federal sources	\$ 274,717.06	\$ -	\$ 18,810.50	\$ 1,297.00	294,824.56
Total Revenues	<u>274,717.06</u>	<u>-</u>	<u>18,810.50</u>	<u>1,297.00</u>	<u>294,824.56</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers					-
Other salaries for instruction					-
Professional education services					-
Purchase professional and technical services					-
Tuition	251,474.00				251,474.00
General supplies					-
Textbooks					-
Total instruction	<u>251,474.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>251,474.00</u>
Support services:					
Other salaries					-
Personal services-employee benefits					-
Purchased prof. and educational services	23,243.06		18,810.50	1,297.00	43,350.56
Purchase professional and technical services					-
Purchased technical services					-
Purchased property services					-
Travel					-
Other purchased services (400-500)					-
Supplies and materials					-
Total support services	<u>23,243.06</u>	<u>-</u>	<u>18,810.50</u>	<u>1,297.00</u>	<u>43,350.56</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>274,717.06</u>	<u>-</u>	<u>18,810.50</u>	<u>1,297.00</u>	<u>294,824.56</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, 2020

	E.S.E.A.				Totals
	Title I	Title IIA	Title III	Title IV	
	Current Yr.	Current Yr.	Current Yr.	Current Yr.	
REVENUES:					
State sources					\$ -
Federal sources	\$ 40,083.92	\$ 6,850.00	\$ 22,365.14	\$ 15,916.00	85,215.06
Total Revenues	40,083.92	6,850.00	22,365.14	15,916.00	85,215.06
EXPENDITURES:					
Instruction:					
Salaries of teachers	23,058.92		9,377.00		32,435.92
Other salaries for instruction					-
Professional education services					-
Purchase professional and technical services	15,500.00	6,850.00			22,350.00
Tuition					-
General supplies			11,518.70	11,716.00	23,234.70
Textbooks				4,200.00	4,200.00
Total instruction	38,558.92	6,850.00	20,895.70	15,916.00	82,220.62
Support services:					
Other salaries					-
Personal services-employee benefits	1,525.00		533.44		2,058.44
Purchased prof. and educational services					-
Purchase professional and technical services			936.00		936.00
Purchased technical services					-
Purchased property services					-
Travel					-
Other purchased services (400-500)					-
Supplies and materials					-
Other objects					-
Total support services	1,525.00	-	1,469.44	-	2,994.44
Facilities acquisition and const. serv.:					
Building					-
Instructional equipment					-
Non-instructional equipment					-
Total facilities acquisition and const. serv.:	-	-	-	-	-
Total Expenditures	40,083.92	6,850.00	22,365.14	15,916.00	85,215.06
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, 2020

	Chapter 192 - Auxillary Services			Chapter 193 - Handicapped Services			Nonpublic Nursing	Nonpublic Technology	Nonpublic Textbook	Carried Forward (Exh. E-1A)
	Comp. Education	E.S.L.	Transportation	Corrective Speech	Suppl. Instruction	Exam & Classification				
REVENUES:										
State sources	\$ 5,921.76	\$ -	\$ 1,439.00	\$ 19,595.10	\$ 3,480.85	\$ 8,360.25	\$ 7,760.00	\$ 2,867.31	\$ 4,210.22	\$ 53,634.49
Federal sources										-
Total Revenues	<u>5,921.76</u>	<u>-</u>	<u>1,439.00</u>	<u>19,595.10</u>	<u>3,480.85</u>	<u>8,360.25</u>	<u>7,760.00</u>	<u>2,867.31</u>	<u>4,210.22</u>	<u>53,634.49</u>
EXPENDITURES:										
Instruction:										
Salaries of teachers										-
Other salaries for instruction										-
Professional education services										-
Purchase professional and technical services										-
Tuition										-
General supplies										-
Textbooks										-
Total instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support services:										
Personal services-employee benefits										-
Purchased prof. and educational services	5,921.76	-	1,439.00	19,595.10	3,480.85	8,360.25	7,760.00	2,867.31	4,210.22	53,634.49
Purchase professional and technical services										-
Purchased technical services										-
Purchased property services										-
Travel										-
Other purchased services (400-500)										-
Supplies and materials										-
Total support services	<u>5,921.76</u>	<u>-</u>	<u>1,439.00</u>	<u>19,595.10</u>	<u>3,480.85</u>	<u>8,360.25</u>	<u>7,760.00</u>	<u>2,867.31</u>	<u>4,210.22</u>	<u>53,634.49</u>
Facilities acquisition and const. serv.:										
Instructional equipment										-
Non-instructional equipment										-
Total facilities acquisition and const. serv.:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>5,921.76</u>	<u>-</u>	<u>1,439.00</u>	<u>19,595.10</u>	<u>3,480.85</u>	<u>8,360.25</u>	<u>7,760.00</u>	<u>2,867.31</u>	<u>4,210.22</u>	<u>53,634.49</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOWNSHIP OF HARRISON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2020

	Nonpublic Home Instruction	Nonpublic Security	Totals
REVENUES:			
State sources	\$ -	\$ 15,433.85	\$ 15,433.85
Federal sources			-
Local sources			-
Total Revenues	<u>-</u>	<u>15,433.85</u>	<u>15,433.85</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers			-
Other salaries for instruction			-
Professional education services			-
Purchase professional and technical services			-
Tuition			-
General supplies			-
Textbooks			-
Total instruction	<u>-</u>	<u>-</u>	<u>-</u>
Support services:			
Personal services-employee benefits			-
Purchased prof. and educational services			-
Purchase professional and technical services		15,433.85	15,433.85
Purchased technical services			-
Purchased property services			-
Travel			-
Other purchased services (400-500)			-
Supplies and materials			-
Total support services	<u>-</u>	<u>15,433.85</u>	<u>15,433.85</u>
Facilities acquisition and const. serv.:			
Buildings			-
Non-instructional equipment			-
Total facilities acquisition and const. serv.:	<u>-</u>	<u>-</u>	<u>-</u>
Due to Charter School			-
Total Expenditures	<u>-</u>	<u>15,433.85</u>	<u>15,433.85</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>

Capital Projects Fund
Detail Statements

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2020

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP</u> <u>Expenditures to Date</u>		<u>Unexpended Appropriations June 30, 2020</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Harrison Township School:					
Roof Replacement	9/27/2016	\$ 5,326,577.00	\$ 4,573,865.08	\$ -	\$ 752,711.92
Totals		<u>\$ 5,326,577.00</u>	<u>\$ 4,573,865.08</u>	<u>\$ -</u>	<u>\$ 752,711.92</u>

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary
For the Year Ended June 30, 2020

Revenues and Other Financing Sources:

Bond proceeds and transfers	\$ -
Transfer from capital reserve	-
Transfer from capital outlay	-
Total Revenues	-

Expenditures and Other Financing Uses:

Purchased professional and technical services	-
Construction services	-
Equipment purchases	-
Total Expenditures	-

Excess (Deficiency) of revenues over (under) expenditures	-
---	---

Fund Balance June 30, 2019	151,134.92
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Fund Balance June 30, 2020	\$ 151,134.92
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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, 2020

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Revised Authorized 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>4,725,000.00</u>	<u>-</u>	<u>4,725,000.00</u>	<u>4,725,000.00</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	475,375.32	\$ -	475,375.32	475,375.32
Construction services	4,098,489.76	-	4,098,489.76	4,098,489.76
Equipment purchases	-	-	-	-
Total Expenditures	<u>4,573,865.08</u>	<u>-</u>	<u>4,573,865.08</u>	<u>4,573,865.08</u>
Excess (Deficiency) of revenues over (under) expenses	<u>\$ 151,134.92</u>	<u>\$ -</u>	<u>\$ 151,134.92</u>	<u>\$ 151,134.92</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	100%
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, 2020

	2020
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 38,390.59
Accounts receivable:	
State	814.26
Federal	522.00
Inventories	13,074.34
Total current assets	52,801.19
Fixed assets:	
Equipment	305,570.00
Less Accumulated depreciation	(298,085.00)
Total fixed assets	7,485.00
Total assets	\$ 60,286.19
 LIABILITIES	
Current liabilities:	
Accounts Payable	\$ 1,050.15
Unearned revenue	19,869.64
Total current liabilities	20,919.79
 NET POSITION	
Invested in capital assets net of related debt	7,485.00
Unrestricted	31,881.40
Total net position	\$ 39,366.40

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Enterprise Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
for the Fiscal Year ended June 30, 2020

	2020
OPERATING REVENUES:	
Local sources:	
Daily sales-reimbursable programs:	
School lunch program	\$ 74,735.81
Total-daily sales-reimbursable programs	74,735.81
Daily sales non-reimbursable programs:	
Adult and AlaCarte meals	70,253.72
Total operating revenue	144,989.53
OPERATING EXPENSES:	
Salaries	111,699.11
Benefits	12,576.32
Supplies and materials	7,726.22
Depreciation	839.00
Management fee	21,929.88
Direct expenses	0.00
Repairs and maintenance	29,365.25
Cost of sales - reimbursable programs	66,109.00
Cost of sales - non-reimbursable programs	32,900.45
Total operating expenses	283,145.23
Operating income (loss)	(138,155.70)
Non-operating revenues:	
State sources:	
State school lunch program	3,092.41
Federal sources:	
National school lunch program	61,353.41
Milk	107.17
U.S.D.A. commodities	27,938.19
Total non-operating revenues	92,491.18
Net income (loss)	(45,664.52)
Net position - July 1	85,030.92
Net position - June 30	\$ 39,366.40

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Enterprise Funds
Statement of Cash Flows
for the Fiscal Year ended June 30, 2020

	2020
Cash flows from operating activities:	
Cash receipts from customers	\$ 154,023.47
Cash payments to employees for services	(124,275.43)
Cash payments to suppliers for goods and services	(132,640.20)
	(102,892.16)
Net cash used by operating activities	(102,892.16)
Cash flows from noncapital financing activities:	
Cash received from state and federal reimbursements	67,426.82
	67,426.82
Net cash provided by noncapital financing activities	67,426.82
Cash flows from capital financing activities:	
Purchases of fixed assets	_____

Net cash used by capital financing activities	_____
Cash flows from investing activities:	
Interest on investments	_____

Net cash provided by investing activities	_____
Net increase (decrease) in cash and cash equivalents	(35,465.34)
Cash and cash equivalents, July 1	73,855.93
Cash and cash equivalents, June 30	\$ 38,390.59
Reconciliation of operating income (loss) to net cash provided	
(used) by operating activities:	
Operating income (loss)	\$ (138,155.70)
Adjustments to reconcile operating income (loss)	
to cash provided (used) by operating activities:	
Depreciation	839.00
Federal commodities	27,938.19
Change in assets and liabilities:	
(Increase)/decrease in accounts receivable	_____
(Increase)/decrease in inventory	(3,597.74)
Increase/(decrease) in accounts payable	1,050.15
Increase/(decrease) in deferred revenue	9,033.94
	9,033.94
Net cash used by operating activities	\$ (102,892.16)

Fiduciary Funds

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Net Assets
June 30, 2020

	<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	\$ 68,923.72	\$ 16,427.75	\$ 142,576.85	\$ 8,707.54	\$ 236,635.86
Accounts Receivable	-	-	-	-	-
Total Assets	<u>\$ 68,923.72</u>	<u>\$ 16,427.75</u>	<u>\$ 142,576.85</u>	<u>\$ 8,707.54</u>	<u>\$ 236,635.86</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Payroll Deductions and Withholdings		\$ 16,427.75	\$ 22,931.51	\$ -	\$ 39,359.26
Interfund Payable		-	-	6,000.00	6,000.00
Due to Student Groups	<u>\$ 68,923.72</u>	-	-	-	<u>68,923.72</u>
Total Liabilities	<u>68,923.72</u>	<u>16,427.75</u>	<u>22,931.51</u>	<u>6,000.00</u>	<u>114,282.98</u>
Fund Balances:					
Unreserved	-	-	119,645.34	2,707.54	122,352.88
Total Fund Balances	<u>-</u>	<u>-</u>	<u>119,645.34</u>	<u>2,707.54</u>	<u>122,352.88</u>
Total Liabilities and Fund Balances	<u>\$ 68,923.72</u>	<u>\$ 16,427.75</u>	<u>\$ 142,576.85</u>	<u>\$ 8,707.54</u>	<u>\$ 236,635.86</u>

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Fiduciary Fund
Comparative Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2020

	<u>Trust Funds</u>		<u>Total</u>
	<u>Unemployment Compensation Insurance</u>	<u>Flexible Spending Account</u>	
REVENUES:			
Local Sources:			
Board Contribution	\$ -	\$ -	\$ -
Interest on Investments	923.86	-	923.86
Employee Contributions	31,947.00	20,000.00	51,947.00
Total Revenues	<u>32,870.86</u>	<u>20,000.00</u>	<u>52,870.86</u>
EXPENDITURES:			
Current Expense:			
Undistributed Expenditures:			
Flexible Spending Account Claims		18,346.40	18,346.40
Unemployment Claims	52,526.35		52,526.35
Total Expenditures	<u>52,526.35</u>	<u>18,346.40</u>	<u>70,872.75</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(19,655.49)	1,653.60	(18,001.89)
Net Assets July 1	<u>139,300.83</u>	<u>1,053.94</u>	<u>140,354.77</u>
Net Assets June 30	<u>\$ 119,645.34</u>	<u>\$ 2,707.54</u>	<u>\$ 122,352.88</u>

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For The Fiscal Year Ended June 30, 2020

	<u>Cash Balance June 30, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Cash Balance June 30, 2020</u>	<u>Accounts Receivable June 30, 2020</u>	<u>Reserve Balance June 30, 2020</u>
School Fund	\$ 32,587.10	\$ 69,888.60	\$ 60,593.01	\$ 41,882.69	\$ -	\$ 41,882.69
Library Account	<u>20,781.44</u>	<u>21,390.21</u>	<u>15,130.62</u>	<u>27,041.03</u>	<u>-</u>	<u>27,041.03</u>
Total Liabilities	<u>\$ 53,368.54</u>	<u>\$ 91,278.81</u>	<u>\$ 75,723.63</u>	<u>\$ 68,923.72</u>	<u>\$ -</u>	<u>\$ 68,923.72</u>

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For The Fiscal Year Ended June 30, 2020

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
ASSETS:				
Cash and Cash Equivalents	\$ 3,550.28	\$ 14,113,273.09	\$ 14,100,395.62	\$ 16,427.75
Total Assets	<u>\$ 3,550.28</u>	<u>\$ 14,113,273.09</u>	<u>\$ 14,100,395.62</u>	<u>\$ 16,427.75</u>
LIABILITIES:				
Net Payroll		\$ 7,920,697.03	\$ 7,920,697.03	
Payroll Deductions and Withholdings	\$ 3,550.28	6,192,048.83	6,179,171.36	\$ 16,427.75
Interfund Payable	<u>-</u>	<u>527.23</u>	<u>527.23</u>	<u>-</u>
Total Liabilities	<u>\$ 3,550.28</u>	<u>\$ 14,113,273.09</u>	<u>\$ 14,100,395.62</u>	<u>\$ 16,427.75</u>

Long-Term Debt Schedules

TOWNSHIP OF HARRISON SCHOOL DISTRICT
General Long-Term Debt Account Group
Statement of Serial Bonds
June 30, 2020

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2019	Issued	Retired	Balance June 30, 2020
			Date	Amount					
2015 Refunding Bonds	12/3/15	\$ 4,860,000	3/1/21	\$ 625,000	4.00%	\$ 3,190,000		\$ 580,000	\$ 2,610,000
			3/1/22	650,000	4.00%				
			3/1/23	675,000	4.00%				
			3/1/24	660,000	4.00%				
2017 School Bonds	11/29/2017	4,725,000	9/1/2020-2023	200,000	2.00%	4,525,000		200,000	4,325,000
			9/1/24-2031	400,000	3.00%				
			9/1/32	325,000	3.00%				
						\$ 7,715,000	\$ -	\$ 780,000	\$ 6,935,000

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2020

	<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	\$ 605,441.00	\$ -	\$ 605,441.00	\$ 605,441.00	\$ -
State Sources:					
Debt Service Aid Type II	410,409.00	-	410,409.00	410,409.00	-
Total Revenues	<u>1,015,850.00</u>	<u>-</u>	<u>1,015,850.00</u>	<u>1,015,850.00</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	235,850.00		235,850.00	235,850.00	\$ -
Redemption of Principal	780,000.00		780,000.00	780,000.00	-
Total Regular Debt Service	<u>1,015,850.00</u>	<u>-</u>	<u>1,015,850.00</u>	<u>1,015,850.00</u>	<u>-</u>
Total Expenditures	<u>1,015,850.00</u>	<u>-</u>	<u>1,015,850.00</u>	<u>1,015,850.00</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balances, July 1	<u>1.09</u>	<u>-</u>	<u>1.09</u>	<u>1.09</u>	
Fund Balances, June 30	<u>\$ 1.09</u>	<u>\$ -</u>	<u>\$ 1.09</u>	<u>\$ 1.09</u>	<u>\$ -</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 1.09</u>	<u>\$ 1.09</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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Invested in capital assets, net of related debt	\$ 6,973,441	\$ 7,664,319	\$ 8,125,309	\$ 8,420,527	\$ 9,080,503	\$ 9,189,757	\$ 9,559,773	\$ 4,935,734	\$ 9,598,829	\$ 9,930,818
Restricted	912,041	1,225,768	1,203,904	1,442,289	1,394,118	1,638,168	(2,757,884)	2,463,692	2,557,834	2,874,098
Unrestricted	(453,645)	(467,715)	(569,957)	(648,123)	(6,275,928)	(6,483,641)	(7,228,364)	(7,400,938)	(7,197,682)	(7,266,837)
Total governmental activities net assets	<u>\$ 7,431,837</u>	<u>\$ 8,422,372</u>	<u>\$ 8,759,256</u>	<u>\$ 9,214,693</u>	<u>\$ 4,198,693</u>	<u>\$ 4,344,284</u>	<u>\$ (426,475)</u>	<u>\$ (1,512)</u>	<u>\$ 4,958,981</u>	<u>\$ 5,538,079</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 66,774	\$ 53,731	\$ 41,688	\$ 29,645	\$ 22,928	\$ 9,554	\$ 9,364	\$ 8,598	\$ 8,324	\$ 7,485
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	39,769	33,936	32,756	32,980	14,745	40,106	46,922	58,568	76,707	31,881
Total business-type activities net assets	<u>\$ 106,543</u>	<u>\$ 87,667</u>	<u>\$ 74,444</u>	<u>\$ 62,625</u>	<u>\$ 37,673</u>	<u>\$ 49,660</u>	<u>\$ 56,286</u>	<u>\$ 67,166</u>	<u>\$ 85,031</u>	<u>\$ 39,366</u>
District-wide										
Invested in capital assets, net of related debt	\$ 7,039,215	\$ 7,610,588	\$ 8,166,997	\$ 8,450,172	\$ 9,103,431	\$ 9,199,311	\$ 9,569,137	\$ 4,944,332	\$ 9,607,153	\$ 9,938,303
Restricted	912,041	1,225,768	1,203,904	1,442,289	1,394,118	1,638,168	(2,757,884)	2,463,692	2,557,834	2,874,098
Unrestricted	(413,876)	(501,651)	(537,201)	(615,143)	(6,261,183)	(6,443,535)	(7,181,442)	(7,342,370)	(7,120,975)	(7,234,956)
Total district net assets	<u>\$ 7,537,380</u>	<u>\$ 8,334,705</u>	<u>\$ 8,833,700</u>	<u>\$ 9,277,318</u>	<u>\$ 4,236,366</u>	<u>\$ 4,393,944</u>	<u>\$ (370,189)</u>	<u>\$ 65,654</u>	<u>\$ 5,044,012</u>	<u>\$ 5,577,445</u>

Source: District Records

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction	\$ 8,763,531	\$ 8,800,012	\$ 8,995,888	\$ 8,825,503	\$ 9,051,338	\$ 9,008,770	\$ 9,493,873	\$ 9,805,168	\$ 10,275,291	\$ 10,310,071
Tuition	171,604	344,528	791,656	838,439	602,957	431,413	26,915	34,364	-	206,052
Related Services	1,449,200	1,470,419	1,249,386	1,445,071	1,443,478	1,596,051	1,819,320	1,710,284	1,730,600	1,778,525
Administrative Services	967,606	1,009,579	1,005,260	1,029,728	995,175	1,072,632	1,110,126	1,010,439	1,086,554	1,052,026
Central Services	465,712	542,095	502,429	500,940	597,866	313,029	576,657	617,733	642,583	653,979
Operations and Maintenance	1,925,158	1,721,179	1,532,140	1,840,416	1,821,400	2,059,732	6,385,707	2,106,667	2,391,137	2,191,281
Transportation	1,240,324	1,245,599	1,269,498	1,295,279	1,312,316	1,314,412	1,238,285	1,198,694	1,196,040	1,050,692
Transfer to Charter Schools							9,089	9,089	1,244	9,825
Interest on long-term debt	422,769	389,431	388,582	303,635	278,452	354,418	141,210	186,958	244,539	226,784
Unallocated Employee Benefits	3,725,178	4,038,267	4,559,061	4,409,465	4,775,979	5,327,054	6,134,889	12,991,252	5,963,115	10,393,546
Other	45,071	58,645	40,797	41,507	42,607	25,176	42,860	41,142	50,096	(6,585)
Total governmental activities expenses	<u>19,176,153</u>	<u>19,619,754</u>	<u>20,334,697</u>	<u>20,529,983</u>	<u>20,921,568</u>	<u>21,502,687</u>	<u>26,978,931</u>	<u>29,711,790</u>	<u>23,581,199</u>	<u>27,866,196</u>
Business-type activities:										
Food service	401,642	402,396	385,360	384,256	387,888	333,441	328,644	309,453	331,697	283,145
Total business-type activities expense	<u>401,642</u>	<u>402,396</u>	<u>385,360</u>	<u>384,256</u>	<u>387,888</u>	<u>333,441</u>	<u>328,644</u>	<u>309,453</u>	<u>331,697</u>	<u>283,145</u>
Total district expenses	<u>\$19,577,795</u>	<u>\$20,022,150</u>	<u>\$20,720,057</u>	<u>\$20,914,239</u>	<u>\$21,309,456</u>	<u>\$21,836,128</u>	<u>\$27,307,575</u>	<u>\$30,021,243</u>	<u>\$23,912,896</u>	<u>\$28,149,341</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Tuition	\$ 180,662	\$ 273,106	\$ 294,094	\$ 293,151	\$ 230,216	\$ 122,489	\$ 195,845	\$ 262,091	\$ 145,746	\$ 133,833
General Revenues:										
Property Taxes	11,444,280	11,404,387	11,510,685	11,849,143	12,025,743	12,431,209	12,563,880	12,857,325	13,100,225	13,593,274
Unrestricted State Aid	5,634,896	6,165,435	6,255,971	6,783,692	6,535,903	6,096,241	6,211,573	6,206,597	6,188,970	6,501,243
Other Revenues	205,577	240,113	103,308	107,260	130,241	162,290	173,781	214,478	256,717	172,523
Operating grants and contributions	2,285,511	2,439,581	2,696,023	1,952,174	2,513,865	2,836,049	3,063,093	10,596,262	8,850,034	8,044,420
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>19,750,926</u>	<u>20,522,622</u>	<u>20,860,081</u>	<u>20,985,420</u>	<u>21,435,968</u>	<u>21,648,278</u>	<u>22,208,172</u>	<u>30,136,753</u>	<u>28,541,692</u>	<u>28,445,293</u>
Business-type activities:										
Charges for services:										
Food service	305,584	285,755	269,958	277,153	259,726	242,634	224,953	218,269	230,969	144,990
Operating grants and contributions	83,174	98,765	102,179	95,284	103,210	102,794	110,317	102,064	118,594	92,491
Other	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>388,758</u>	<u>384,520</u>	<u>372,137</u>	<u>372,437</u>	<u>362,936</u>	<u>345,428</u>	<u>335,270</u>	<u>320,333</u>	<u>349,563</u>	<u>237,481</u>
Total district program revenues	<u>\$20,139,684</u>	<u>\$20,907,142</u>	<u>\$21,232,218</u>	<u>\$21,357,857</u>	<u>\$21,798,904</u>	<u>\$21,993,706</u>	<u>\$22,543,442</u>	<u>\$30,457,086</u>	<u>\$28,891,255</u>	<u>\$28,682,774</u>
Net (Expense)/Revenue and Change in Net Assets										
Governmental activities	\$ 574,773	\$ 902,868	\$ 525,384	\$ 455,437	\$ 514,400	\$ 145,591	\$ (4,770,759)	\$ 424,963	\$ 4,960,493	\$ 579,097
Business-type activities	(12,884)	(17,876)	(13,223)	(11,819)	(24,952)	11,987	6,626	10,880	17,866	(45,664)
Total district-wide net expense	<u>\$ 561,889</u>	<u>\$ 884,992</u>	<u>\$ 512,161</u>	<u>\$ 443,618</u>	<u>\$ 489,448</u>	<u>\$ 157,578</u>	<u>\$ (4,764,133)</u>	<u>\$ 435,843</u>	<u>\$ 4,978,359</u>	<u>\$ 533,433</u>

Source: District Records

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	Fiscal Year Ending June 30,		<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
					<u>2015</u>	<u>2016</u>				
General Fund										
Reserved	\$ 1,053,546	\$ 1,225,766	\$ 1,203,904	\$ 1,442,288	\$ 1,240,238	\$ 1,631,446	\$ 1,802,254	\$ 2,372,714	\$ 2,406,698	\$ 2,722,962
Unreserved	(183,381)	(106,835)	(138,903)	(167,041)	(203,661)	(231,615)	(192,902)	(202,620)	(132,687)	(139,562)
Total General Fund	<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>	<u>\$ 2,274,011</u>	<u>\$ 2,583,400</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -			
Unreserved, reported in:										
Special revenue fund										
Capital projects fund					153,879		(4,566,859)	90,977	151,135	151,135
Debt service fund	1	1				6,722	6,720		1	1
Permanent fund										
Total all other governmental funds	<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>	<u>\$ 151,136</u>	<u>\$ 151,136</u>

Source: District Records

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax levy	\$ 11,444,280	\$ 11,404,387	\$ 11,510,685	\$ 11,849,143	\$ 12,025,743	\$ 12,431,209	\$ 12,563,880	\$ 12,857,325	\$ 13,100,225	\$ 13,593,274
Tuition charges	180,662	273,106	294,094	293,151	230,216	122,489	195,845	262,091	145,746	133,833
Transportation fees	120,865	151,000	67,125	61,175	82,369	77,940	106,015	76,062	71,973	87,460
Interest earnings	24,850	20,776	7,434	4,768	4,515	338	492	2,493	5,259	5,039
Municipal Surplus									93,000	
Miscellaneous	59,862	68,336	28,749	41,317	43,357	84,013	67,273	135,922	86,485	80,023
State sources	7,343,948	7,862,333	8,518,751	8,298,167	7,184,184	8,475,024	8,861,283	9,238,958	9,844,734	9,833,814
Federal sources	576,460	762,469	433,243	437,699	440,665	457,266	413,383	343,237	469,270	380,040
Total revenue	19,750,927	20,542,407	20,860,081	20,985,420	20,011,049	21,648,279	22,208,171	22,916,088	23,816,692	24,113,483
Expenditures										
Instruction										
Regular Instruction	5,377,721	5,495,392	5,718,012	5,660,663	6,031,499	5,776,684	5,940,027	6,346,081	6,550,593	6,768,366
Special education instruction	1,656,239	1,693,231	1,721,568	1,694,663	1,606,319	1,714,531	2,046,570	1,932,874	2,128,749	1,941,423
Other special instruction	808,528	1,026,813	985,162	821,389	831,400	882,177	913,386	919,761	897,625	932,318
Support Services:										
Tuition	461,648	625,035	791,656	838,439	602,957	431,413	26,915	34,364	-	206,052
Student & instruction related services	1,449,200	1,261,394	1,249,386	1,445,071	1,374,392	1,596,051	1,819,320	1,710,284	1,730,000	1,778,525
General administrative services	324,479	349,348	329,821	355,214	320,810	408,569	451,444	345,013	378,746	356,084
School Administrative services	552,984	575,745	593,847	591,500	589,149	578,635	572,961	583,141	607,615	596,711
Business administrative services	465,712	542,095	502,429	500,940	597,866	313,029	576,657	617,733	642,583	653,979
Plant operations and maintenance	1,762,844	1,655,427	1,512,779	1,675,540	1,666,576	1,978,557	1,690,839	1,893,875	2,114,897	2,219,524
Pupil transportation	1,240,324	1,245,599	1,269,498	1,295,279	1,312,316	1,314,412	1,238,284	1,198,694	1,196,040	1,050,692
Unallocated employee benefits	3,725,178	4,029,012	4,559,061	4,409,465	3,650,719	5,167,141	5,338,934	5,701,423	6,102,701	5,963,739
Capital outlay	269,070	326,730	217,684	369,722	430,860	283,380	4,997,309	201,973	249,776	311,007
Transfer to Charter Schools							9,089	9,089	1,244	9,825
Debt service:										
Principal	1,030,000	1,045,000	1,100,000	1,115,000	715,000	795,000	740,000	755,000	760,000	780,000
Interest and other charges	440,991	403,035	363,110	321,289	287,387	286,735	203,775	179,925	291,447	235,850
Total expenditures	19,564,918	20,273,856	20,914,013	21,094,174	20,017,250	21,526,314	26,565,510	22,429,230	23,652,016	23,804,095
Excess (Deficiency) of revenues over (under) expenditures	186,009	268,551	(53,932)	(108,754)	(6,201)	121,965	(4,357,339)	486,858	164,676	309,388
Other Financing sources (uses)										
Capital leases (non-budgeted)	-	-	-	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)	-	-	-	319,000	(219,970)	94,131	-	4,725,000	-	-
Net change in fund balances	\$ 186,009	\$ 268,551	\$ (53,932)	\$ 210,246	\$ (226,171)	\$ 216,096	\$ (4,357,339)	\$ 5,211,858	\$ 164,676	\$ 309,388
Debt service as a percentage of noncapital expenditures	7.6%	7.3%	7.1%	6.9%	5.1%	5.1%	4.4%	4.2%	4.5%	4.3%

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>2020</u>	<u>2019</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>
Insurance Refunds	\$ 3,676	\$ -	\$ 28,225	\$ -	\$ -	\$ 15,148	\$ 1,080	\$ -	\$ -	\$ -
Interest on Investments	23,995	16,272	30,427	14,428	8,595	4,278	4,080	6,624	18,487	22,211
Sale of Equipment	3,000	4,600	2,067	3,492	1,545	50	3,963	382	2,887	1,020
Recycling	-	-	-	-	67					
Use of Facilities - Rentals	23,507	26,991	20,812	20,998	18,562	17,304	12,684	13,569	13,793	16,187
FEMA Reimbursement	-	-	-	-	5,107					16,224
NJSIG - Safety Grant Award	6,116	6,477	4,713							
NJ Clean Energy Rebate	4,235	9,020	4,325							
Prior Year Refunds	5,933	2,109	24,602	13,833	13,958	10,214	15,034	11,177	33,555	11,209
Tuition Refunds	-	-	-	-	14,482					3,594
Energy Curtailment Rebates	8,010	7,687	6,327	9,002	19,163					
Photocopies	-	-	-	-	-		121			
Seminar Fees	-	-	600	800						
E-Rate Rebates	-	-	1,055	2,735						
Soda Machine	-	-	336	172	240	503	488	470	608	619
Cancellation of Old Outstanding Checks	1,552	13,328	8,023	1,731	2,272	27	4,965	89		2,876
Forfeited FSA Funds	-	-	-	-	-	31				
Sale of Used Textbooks	-	-	-	-	-		2,982			
Lost/Damaged Book Fines	-	-	18	82	21	80		84		
	<u>\$ 80,024</u>	<u>\$ 86,484</u>	<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>

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.	Ofarm	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)
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	\$ 1.318	\$ 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
2019	21,172,700	1,370,819,300	28,682,900	2,717,800	113,593,000	322,300	-	1,537,308,000	0	3,054,693	1,540,362,693	0.883	1,592,767,679

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 <u>June 30,</u>	<u>Harrison Township Board of Education</u>			<u>Overlapping Rates</u>				Total Direct and Overlapping Tax Rate
	<u>Basic Rate (a)</u>	<u>General Debt Service (b)</u>	<u>Total Direct</u>	<u>Clearview Regional School</u>	<u>Gloucester County</u>	<u>Fire District</u>	<u>Harrison Township</u>	
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
2019	0.844	0.039	0.883	0.751	0.748	0.077	0.519	2.978
2020	0.865	0.039	0.904	0.761	0.765	0.079	0.561	3.070

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 2017.

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

Taxpayer	2010 c		2020	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Mullica West Ltd.	\$ 6,224,000	0.47%		
Bell Atlantic Property	4,538,574	0.34%		
Mantec Associates	5,884,000	0.44%	\$ 5,655,000	0.36%
AEW SCT Mullica Hill, LLC	16,239,000	1.22%		
Wheatley Meadows Associates, LLC	7,820,300	0.59%		
Underwood Memorial Hospital	6,600,000	0.0049		
Mullica Hill Self Storage II, LLC	5,800,000	0.43%		
Madison/Canuso c/o Thomson-K.Fahey	5,509,200	0.41%		
Mullica Hill Commons, LLC	4,840,000	0.36%	3,341,600	0.22%
Mullica Realty, LLC			18,500,000	1.19%
Inspira Medical Center Woodbury, Inc.			4,900,700	0.31%
Madison/Canuso Richwood Village LLC			7,199,200	0.46%
I Storage, LLC			5,878,100	0.38%
Woodland Four, LLC			4,523,000	0.29%
Verizon New Jersey C/O Duff & Phelps			3,052,312	0.20%
CVS			2,700,000	0.17%
WAWA, Inc.			2,442,900	0.16%
Total	\$ 63,455,074	4.75%	\$ 58,192,812	3.74%

c = Revaluation in 2010

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	
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%	-
2019	13,100,225	13,100,225	100.00%	-
2020	13,593,274	13,593,274	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		
2011	\$ 10,270,000	-	\$ 289,500	-	-	\$ 10,559,500	1.93%	845
2012	9,225,000	-	145,500	-	-	9,370,500	1.66%	746
2013	8,125,000	-	-	-	-	8,125,000	1.40%	642
2014	7,010,000	-	319,000	-	-	7,329,000	1.21%	572
2015	6,295,000	-	195,000	-	-	6,490,000	1.01%	503
2016	5,245,000	-	130,000	-	-	5,375,000	0.82%	417
2017	4,505,000	-	65,000	\$ 3,000,000	-	7,570,000	1.11%	584
2018	8,475,000	-	-	-	-	8,475,000	1.18%	647
2019	7,715,000	-	-	-	-	7,715,000	b	588
2020	6,935,000	-	-	-	-	6,935,000	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		
2011	\$ 10,270,000	-	\$ 10,270,000	0.77%	822
2012	9,225,000	-	9,225,000	0.69%	735
2013	8,125,000	-	8,125,000	0.60%	642
2014	7,010,000	-	7,010,000	0.51%	547
2015	6,295,000	-	6,295,000	0.45%	488
2016	5,245,000	-	5,245,000	0.37%	406
2017 ^c	4,505,000	-	4,505,000	0.29%	348
2018	8,475,000	-	8,475,000	0.55%	647
2019	7,715,000	-	7,715,000	0.50%	588
2020	6,935,000	-	6,935,000	0.45%	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, 2020
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	\$ 35,141,588	100.000%	\$ 35,141,588
Other debt			
Clearview Regional School District	8,943,000	52.41%	5,971,071
Gloucester County	227,739,500	5.86%	<u>13,345,959</u>
Subtotal, overlapping debt			54,458,618
Harrison Township School District Direct Debt			<u>6,935,000</u>
Total direct and overlapping debt			<u><u>\$ 61,393,618</u></u>

Sources Harrison Township Treasurer's Officer, 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 2020

Equalized valuation basis	
2019	\$ 1,582,569,487
2018	1,561,122,176
2017	<u>1,527,481,077</u>
[A]	<u>\$ 4,671,172,740</u>
Average equalized valuation of taxable property	[A/3] \$ 1,557,057,580
Debt Limit (2 1/2% of average equalized valuation)	[B] 38,926,440 ^a
Net bonded school debt	[C] <u>6,935,000</u>
Legal debt margin	[B-C] <u>\$ 31,991,440</u>

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 36,805,661	\$ 35,977,357	\$ 34,957,506	\$ 34,433,373	\$ 34,600,999	\$ 35,411,007	\$ 36,471,218	\$ 37,385,775	\$ 38,229,100	\$ 38,926,440
Total net debt applicable to limit	<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>	<u>7,715,000</u>	<u>6,935,000</u>
Legal debt margin	<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>	<u>\$ 30,514,100</u>	<u>\$ 31,991,440</u>
Total net debt applicable to the limit as a percentage of debt limit	27.90%	25.64%	23.24%	20.36%	18.19%	14.81%	20.58%	22.67%	20.18%	17.82%

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>
2010	12,418	\$ 525,268,982	\$ 42,299	8.10%
2011	12,494	547,124,754	43,791	7.90%
2012	12,557	564,311,580	44,940	8.10%
2013	12,657	580,956,300	45,900	6.40%
2014	12,819	607,518,048	47,392	5.60%
2015	12,898	640,579,170	49,665	4.80%
2016	12,905	654,890,035	50,747	3.80%
2017	12,956	679,606,980	52,455	3.20%
2018	13,106	717,487,970	54,745	3.10%
2019	13,116	d	d	2.70%

Source:

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

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

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

^d Not Available

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

<u>Employer</u>	<u>2020</u>			<u>2010</u>	
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Amazon	4,500	1	N/A	N/A	N/A
Rowan University	3,500	2	N/A	1,300	N/A
Inspira Health	2,051	3	N/A		
Underwood Memorial Hospital				1,825	N/A
Jefferson Health	2,015	4	N/A		
Kennedy Health Alliance				1,200	N/A
Washington Township School District	1,550	5	N/A	1,504	N/A
Shop Rite	1,300	6	N/A		
County of Gloucester	1,200	7	N/A	1,500	N/A
U.S. Foodservices	1,014	8	N/A	800	N/A
Monroe Township School District	805	9	N/A	714	N/A
Walmart - Turnersville	800	10	N/A		
Missa Bay, LLC				950	N/A
Valero				640	N/A
Godwin Pumps				640	N/A
	<u>18,735</u>			<u>11,073</u>	

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction										
Regular	84.6	83.3	83.3	82.2	83.0	82.3	82.3	81.3	82.5	78.2
Special education	39.3	39.6	39.6	39.2	38.9	40.7	39.4	37.0	35.9	32.1
Other special education	20.2	20.7	20.7	18.6	18.8	19.2	19.2	18.5	20.2	20.2
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	17.1	17.0	17.0	16.0	16.8	17.7	19.7	19.6	17.5	17.5
General administrative services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Business administrative services	5.8	6.3	6.3	6.6	6.6	6.6	6.6	6.6	6.6	6.6
Plant operations and maintenance	24.3	24.8	25.8	24.6	24.0	24.3	24.0	24.0	23.9	23.9
Pupil transportation	22.9	21.8	21.8	21.3	22.4	21.3	19.4	18.3	18.0	16.3
Total	<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>	<u>214.6</u>	<u>204.8</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
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	21,292,332	15,101	5.80%	137	1:10.3	1,395.8	1,336.8	-2.50%	95.77%
2019	1,388	22,351,393	16,103	6.64%	138	1:10.3	1,358.0	1,300.5	-2.71%	95.77%
2020	1,428	22,477,238	15,740	-2.25%	130	1:10.9	1,428.0	1,384.1	5.15%	96.93%

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>District Building</u>										
<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	842	857	825	830	836	792	807	776	750	790
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	671	662	629	638	664	677	638	634	638	638

Number of Schools at June 30, 2020
 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

Fiscal Year Ended June 30,	Harrison Township Elementary School	Pleasant Valley School
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	144,207
2019	395,766	136,481
2020	242,890	375,215
	\$ 2,207,091	\$ 1,060,530

Source: District records

**Township of Harrison School District
Insurance Schedule
June 30, 2020
UNAUDITED**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Property -Blanket Building & Contents	\$ 41,466,119	\$ 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	3,000,000	
School Board Legal Liability		
Directors and Office	10,000,000	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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**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, 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, 2020, 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 December 18, 2020.

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) as a basis for designing 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 financial statements. 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 is 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
December 18, 2020

INVERSO & STEWART, LLC
Certified Public Accountants

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**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, 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, 2020. 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, 2020.

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
December 18, 2020

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2020

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, 2019			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2020		
						Accounts Receivable	Deferred Revenue	Due to Grantor						Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education																
<u>Special Revenue Fund:</u>																
<u>Elementary and Secondary Education Act (E.S.E.A.)</u>																
Title I - Current Year	84.010A	S010A190030	ESEA-2070-20	\$ 58,773.00	7/1/19 - 9/30/20				\$ 9,414.00	\$ 35,184.00	\$ (40,083.92)			\$ (4,899.92)		
Title I - Prior Year	84.010A	S010A180030	ESEA-2070-19	62,766.00	7/1/18 - 6/30/19	\$ (2,708.40)			(9,414.00)	2,708.00		\$ 0.40		-		
Title II - Part A - Current Year	84.367A	S367A190029	ESEA-2070-20	21,077.00	7/1/19 - 9/30/20				1,058.00	6,850.00	(6,850.00)			-		
Title II - Part A - Prior Year	84.367A	S367A180029	ESEA-2070-19	20,928.00	7/1/18 - 6/30/19			\$ 781.75	(1,058.00)				\$ 781.75	-		
Title III - (Consortium) - Current Year	84.365A	S365A190030	ESEA-2070-20	27,867.00	7/1/19 - 9/30/20				18,430.00		(22,365.14)			(3,935.14)		
Title III - (Consortium) - Prior Year	84.365A	S365A180030	ESEA-2070-19	50,479.00	7/1/18 - 6/30/19	(17,000.26)				17,046.00		(45.74)		-		
Title IV - Current Year	84.424	S424A190031	ESEA-2070-20	10,000.00	7/1/19 - 9/30/20				6,637.00	9,200.00	(15,916.00)			(6,716.00)		
Title IV - Prior Year	84.424	S424A180031	ESEA-2070-19	10,000.00	7/1/18 - 6/30/19				(6,637.00)					-		
<u>Individuals With Disabilities Act (I.D.E.A.)</u>																
Part B - Basic - Current Year	84.027	H027A180100	FT-2070-20	287,944.00	7/1/19 - 9/30/20				37,409.00	262,325.00	(274,717.06)			(12,392.06)		
Part B - Basic - Prior Year	84.027	H027A190100	FT-2070-19	288,737.00	7/1/18 - 6/30/19	(39,038.94)			(37,409.00)	39,041.00		(2.06)		-		
Part B - Preschool - Current Year	84.173	H173A190114	PS-2070-20	29,484.00	7/1/19 - 9/30/20				29,362.00	17,820.00	(18,810.50)			(990.50)		
Part B - Preschool - Prior Year	84.173	H173A180114	PS-2070-19	29,362.00	7/1/18 - 6/30/19				(29,362.00)	1,297.00	(1,297.00)			-		
Total Special Revenue Fund						(58,747.60)	-	781.75	-	409,901.00	(380,039.62)	(47.40)	781.75	(28,933.62)	-	-
U.S. Department of Agriculture																
<u>Enterprise Fund:</u>																
Food Distribution Program	10.565	201NJ304N1099	N/A	27,938.19	9/1/19 - 8/31/20					27,938.19	(27,938.19)			-		
Special Milk Program	10.556	201NJ304N1099	N/A	107.70	9/1/19 - 8/31/20					107.70	(107.70)			-		
Special Milk Program	10.556	191NJ304N1099	N/A	370.23	9/1/18 - 8/31/19	(18.42)				18.42				-		
National School Lunch Program	10.555	201NJ304N1099	N/A	61,353.41	9/1/19 - 8/31/20					60,539.15	(61,353.41)			(814.26)		
National School Lunch Program	10.555	191NJ304N1099	N/A	89,058.75	9/1/18 - 8/31/19	(4,025.68)				4,025.68				-		
Total Enterprise Fund						(4,044.10)			---	92,629.14	(89,399.30)	---	---	(814.26)	---	---
Total Federal Awards						\$ (62,791.70)	\$ -	\$ 781.75	\$ -	\$ 502,530.14	\$ (469,438.92)	\$ (47.40)	\$ 781.75	\$ (29,747.88)	\$ -	\$ -

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, 2020

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	Balance at June 30, 2019			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2020		
				Accounts Receivable	Deferred Revenue	Due to Grantor at						Accounts Receivable	Deferred Revenue	Due to Grantor at
State Department of Education														
General Fund:														
Equalization Aid	20-495-034-5120-078	#####	7/1/19 - 6/30/20					\$ 4,477,128.00	\$ (4,957,014.00)			\$ (479,886.00)		
Equalization Aid	19-495-034-5120-078	5,034,332.00	7/1/18 - 6/30/19	\$ (490,553.00)				490,553.00						
Additional Nonpublic Transportation Aid	20-495-034-5120-014	143.00	7/1/19 - 6/30/20						(143.00)			(143.00)		
Additional Nonpublic Transportation Aid	19-495-034-5120-014	22,330.00	7/1/18 - 6/30/19	(22,330.00)				22,330.00						
Transportation Aid	20-495-034-5120-014	153,456.00	7/1/19 - 6/30/20					138,600.00	(153,456.00)			(14,856.00)		
Transportation Aid	19-495-034-5120-014	153,456.00	7/1/18 - 6/30/19	(14,953.00)				14,953.00						
Special Education Aid	20-495-034-5120-014	800,303.00	7/1/19 - 6/30/20					722,826.00	(800,303.00)			(77,477.00)		
Special Education Aid	19-495-034-5120-014	800,303.00	7/1/18 - 6/30/19	(77,983.00)				77,983.00						
Security Aid	20-495-034-5120-084	107,201.00	7/1/19 - 6/30/20					96,823.00	(107,201.00)			(10,378.00)		
Security Aid	19-495-034-5120-084	107,201.00	7/1/18 - 6/30/19	(10,446.00)				10,446.00						
Extraordinary Aid	20-495-034-5093-007	55,791.00	7/1/19 - 6/30/20						(61,379.00)			(61,379.00)		
Extraordinary Aid	19-495-034-5093-007	59,590.00	7/1/18 - 6/30/19	(59,590.00)				59,590.00						
On Behalf TPAF Pension Contributions	20-495-034-5095-006	1,887,911.00	7/1/19 - 6/30/20					1,887,911.00	(1,887,911.00)					
On Behalf TPAF Post Retirement Medical	20-495-034-5095-006	700,380.00	7/1/19 - 6/30/20					700,380.00	(700,380.00)					
On Behalf TPAF - LTDI	20-495-034-5095-006	993.00	7/1/19 - 6/30/20					993.00	(993.00)					
Reimbursed TPAF Social Security Contributions	20-495-034-5095-002	674,218.17	7/1/19 - 6/30/20	-				674,218.17	(674,218.17)					
Total General Fund				<u>(675,855.00)</u>				<u>9,374,734.17</u>	<u>(9,342,998.17)</u>			<u>(644,119.00)</u>		
Special Revenue Fund														
N.J. Nonpublic Aid:														
Textbook Aid	20-100-034-5120-064	4,217.00	7/1/19 - 6/30/20					\$ 4,217.00	\$ (4,210.22)					\$ 6.78
Nursing Aid	20-100-034-5120-070	7,760.00	7/1/19 - 6/30/20					7,760.00	(7,760.00)					-
Technology Aid	20-100-034-5120-067	2,880.00	7/1/19 - 6/30/20					2,880.00	(2,867.31)					12.69
Technology Aid	19-100-034-5120-067	2,628.00	7/1/18 - 6/30/19			20.65					\$ (20.65)			
Security Aid	20-100-034-5120-509	15,450.00	7/1/19 - 6/30/20					15,450.00	(15,433.85)					16.15
Auxiliary Services:														
Compensatory Education	20-100-034-5120-067	6,003.00	7/1/19 - 6/30/20					5,255.00	(5,921.76)			(748.00)		81.24
Compensatory Education	19-100-034-5120-067	8,206.00	7/1/18 - 6/30/19			507.40					(507.40)			-
Transportation	20-100-034-5120-067	1,439.00	7/1/19 - 6/30/20					1,260.00	(1,439.00)			(179.00)		-
Transportation	19-100-034-5120-067	1,856.00	7/1/18 - 6/30/19			723.71					(723.71)			-
ESL	20-100-034-5120-067	827.00	7/1/19 - 6/30/20					723.00	-			(104.00)		827.00
ESL	19-100-034-5120-067	863.00	7/1/18 - 6/30/19			863.00					(863.00)			-
Handicapped Services:														
Examination & Classification	20-100-034-5120-066	10,032.00	7/1/19 - 6/30/20					8,736.00	(8,360.25)			(1,296.00)		1,671.75
Examination & Classification	19-100-034-5120-066	8,190.00	7/1/18 - 6/30/19			1,273.52					(1,273.52)			-
Corrective Speech	20-100-034-5120-066	19,687.00	7/1/19 - 6/30/20					17,144.00	(19,595.10)			(2,543.00)		91.90
Corrective Speech	19-100-034-5120-066	15,802.00	7/1/18 - 6/30/19			1,160.08					(1,160.08)			-
Supplemental Instruction	20-100-034-5120-066	4,452.00	7/1/19 - 6/30/20					3,877.00	(3,480.85)			(575.00)		971.15
Supplemental Instruction	19-100-034-5120-066	4,044.00	7/1/18 - 6/30/19			792.70					(792.70)			-
Total Special Revenue Fund				<u>-</u>	<u>-</u>	<u>5,341.06</u>		<u>67,302.00</u>	<u>(69,068.34)</u>			<u>(5,445.00)</u>		<u>3,678.66</u>
Debt Service Fund														
Debt Service Aid Type II	20-495-034-5120-017	410,409.00	7/1/19 - 6/30/20					410,409.00	(410,409.00)					
State Department of Agriculture														
Enterprise Fund:														
State School Lunch Program	20-100-010-3360-067	3,092.00	7/1/19 - 6/30/20					2,278.15	(3,092.41)			(814.26)		
State School Lunch Program	19-100-010-3360-067	3,620.29	7/1/18 - 6/30/19	(165.99)				165.99						
Total Enterprise Fund				<u>(165.99)</u>				<u>2,444.14</u>	<u>(3,092.41)</u>			<u>(814.26)</u>		<u>---</u>
Total State Financial Assistance				<u>(676,020.99)</u>	<u>-</u>	<u>5,341.06</u>	<u>-</u>	<u>9,854,889.31</u>	<u>(9,825,567.92)</u>	<u>-</u>	<u>(5,341.06)</u>	<u>(650,378.26)</u>	<u>-</u>	<u>3,678.66</u>
Less: State Financial Assistance Not Subject to Major Program Determination														
On-Behalf TPAF Contribution - Pension (Non-Budgeted)												(1,887,911.00)		
On-Behalf TPAF Contribution - Post-Retirement Medical (Non-Budgeted)												(700,380.00)		
On-Behalf TPAF Contribution - LTDI (Non-Budgeted)												(993.00)		
Total State Financial Assistance Subject to Major Program Determination												<u>\$ (7,236,283.92)</u>		

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, 2020**

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 \$11,338 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.

	Federal	State	Total
General Fund		\$ 9,354,336	\$ 9,354,336
Special Revenue Fund	\$ 380,040	69,068	449,108
Debt Service Fund		410,409	410,409
Food Service Fund	89,399	3,092	92,491
Total Awards & Financial Assistance	\$ 469,439	\$ 9,836,905	\$ 10,306,344

**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, 2020**

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, 2020. 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, 2020.

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>47.40</u>	\$ <u>-</u>

**HARRISON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Section I --Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: _____ Unmodified _____

Internal control over financial reporting:

- 1) Material weaknesses identified? _____ yes X no
- 2) Significant deficiencies identified? _____ yes X none reported

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards

NOT APPLICABLE

Internal Control over major programs:

- 1) Material weakness(es) identified? _____ yes _____ no
- 2) Significant deficiencies identified? _____ yes _____ none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)? _____ yes _____ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar threshold used to distinguish between type A and type B programs: _____

Auditee qualified as low-risk auditee? _____ yes _____ no

HARRISON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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>20-495-034-5120-078</u>	State Aid Public Cluster: <u>Equalization Aid</u>
<u>20-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>20-495-034-5120-084</u>	<u>Security Aid</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

**HARRISON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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, 2020**

**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:

No findings identified.

**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.