

**SCHOOL DISTRICT  
OF**

# **HARRISON TOWNSHIP**



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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2015**

**Comprehensive Annual  
Financial Report**

**of the**

**Harrison Township Board of Education**

**Harrison, New Jersey**

**For the Fiscal Year Ended June 30, 2015**

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

# HARRISON TOWNSHIP SCHOOL DISTRICT

## INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	2
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8

## FINANCIAL SECTION

<b>Independent Auditor's Report</b>	10
-------------------------------------	----

<b>K-1 Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</b>	13
---	----

<b>Required Supplementary Information - Part I Management's Discussion and Analysis</b>	16
---	----

### Basic Financial Statements

#### A. District-wide Financial Statements:

A-1 Statement of Net Position	25
A-2 Statement of Activities	26

#### B. Fund Financial Statements:

##### Governmental Funds:

B-1 Balance Sheet	28
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	29
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30

##### Proprietary Funds:

B-4 Statement of Net Position	31
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	32
B-6 Statement of Cash Flows	33

##### Fiduciary Funds:

B-7 Statement of Fiduciary Net Position	34
B-8 Statement of Changes in Fiduciary Net Position	35

<b>Notes to the Financial Statements</b>	36
--	----

	<u>Page</u>
<b>Required Supplementary Information - Part II</b>	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule - General Fund	62
C-1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (if applicable)	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	68
<b>Notes to the Required Supplementary Information</b>	
C-3 Budget-to-GAAP Reconciliation	69
<b>Required Supplementary Information - Part III</b>	
L. Schedules Related to Accounting and Reporting for Pensions (GASB-68)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System	71
L-2 Schedule of the District Contributions - Public Employees Retirement System	72
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - Teachers' Pension and Annuity Fund	73
<b>Notes to the Required Supplementary Information - Part III</b>	
	74
<b>Other Supplementary Information</b>	
D. School Level Schedules :	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis	77
E-2 Preschool Education Aid Schedule of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund	
F-1 Summary Statement of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	82
F-2 Summary Statement of Project Expenditures	87
G. Proprietary Fund:	
Enterprise Fund:	
G-1 Combining Statement of Net Position	89
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	90
G-3 Combining Statement of Cash Flows	91
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	93
H-2 Combining Statement of Changes in Fiduciary Net Position	94
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	95
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	96

	<u>Page</u>
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	98
I-2 Schedule of Obligations under Capital Leases	99
I-3 Budgetary Comparison Schedule - Debt Service Fund	100

### STATISTICAL SECTION (Unaudited)

#### **Financial Trends**

J-1 Net Position by Component, Last Ten Fiscal Years	102
J-2 Changes in Net Position, Last Ten Fiscal Years	103
J-3 Fund Balances, Governmental Funds, Last Ten Fiscal Years	104
J-4 Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years	105
J-5 General Fund - Other Local Revenue by Source, Last Ten Fiscal Years	106

#### **Revenue Capacity**

J-6 Assessed Value and Actual Value of Taxable Property, Last Nine Fiscal Years	107
J-7 Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years	108
J-8 Principal Property Tax Payers, Current Year and Nine Years Ago	109
J-9 Property Tax Levies and Collections, Last Ten Fiscal Years	110

#### **Debt Capacity**

J-10 Ratios of Outstanding Debt by Type, Last Ten Fiscal Years	111
J-11 Ratios of Net General Bonded Debt Outstanding, Last Ten Fiscal Years	112
J-12 Ratios of Overlapping Governmental Activities Debt, As of December 31, 2014	113
J-13 Legal Debt Margin Information, Last Ten Fiscal Years	114

#### **Demographic and Economic Information**

J-14 Demographic and Economic Statistics	115
J-15 Principal Employers, Current Year & Nine Years Ago (information not available)	116

#### **Operating Information**

J-16 Full-time Equivalent District Employees by Function/Program, Last Nine Fiscal Years	117
J-17 Operating Statistics, Last Ten Fiscal Years	118
J-18 School Building Information, Last Ten Fiscal Years	119
J-19 Schedule of Required Maintenance, Last Ten Fiscal Years	120
J-20 Insurance Schedule	121

### SINGLE AUDIT SECTION

K-2 Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04 and/or 15-08	123
K-3 Schedule of Expenditures of Federal Awards, Schedule A	126
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	127
K-5 Notes to the Schedules of Awards and Financial Assistance	128
K-6 Schedule of Findings and Questioned Costs	130
K-7 Summary Schedule of Prior Audit Findings	134

## **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**

November 27, 2015

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, 2015, 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 Single Audit Act of 1984 as amended in 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels K through 6. These include regular, as well as special education for gifted and handicapped youngsters. The District completed the 2014-2015 fiscal year with an enrollment of 1,500 students, which is 32 students more 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>
2014-15	1,493.5	1,431.0	1.37%	95.82%
2013-14	1,473.3	1,417.5	2.18%	96.21%
2012-13	1,441.9	1,380.5	(2.73%)	95.74%
2011-12	1,482.30	1,426.30	(0.79%)	96.22%
2010-11	1,494.10	1,439.80	(3.39%)	96.37%
2009-10	1,546.60	1,483.2	2.23%	95.90%
2008-09	1,512.90	1,454.70	(1.47%)	96.15%
2007-08	1,535.40	1,479.00	5.03%	96.33%
2006-07	1,461.90	1,406.70	(0.48%)	96.22%
2005-06	1,468.90	1,409.80	3.28%	95.98%

**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 Harrison Township School District.

In the area of curriculum, our Mathematics and English Language Arts Curricula are aligned with the Common Core Standards. We will continue to followed any updates on the state level and will adjust our curriculum, as necessary, to ensure compliance. Our main resource in Language Arts Literacy is Pearson's Reading Street Series in Grades Kindergarten through Sixth and the Houghton Mifflin Harcourt's Math Expressions for Mathematics instruction in Grades Kindergarten through Fifth. We have also implemented a one to one Google Chrome Book initiative in grades three through six. In Kindergarten, each classroom has been equipped with 6 iPads to assist in the supplemental and extension instruction with our youngest readers and mathematicians.

### **3) MAJOR INITIATIVES (Cont'd):**

Staff training has also taken place in the following areas:

1. Common Core Updates
2. Pearson' Reading Street Series
3. Math Expressions
4. RTI
5. PARCC
6. Achieve NJ (teacher evaluation)
7. Mandated Security Drill Procedures

**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, 2015.

**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 04-04. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**10) ACKNOWLEDGMENTS:**

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

Respectfully submitted,



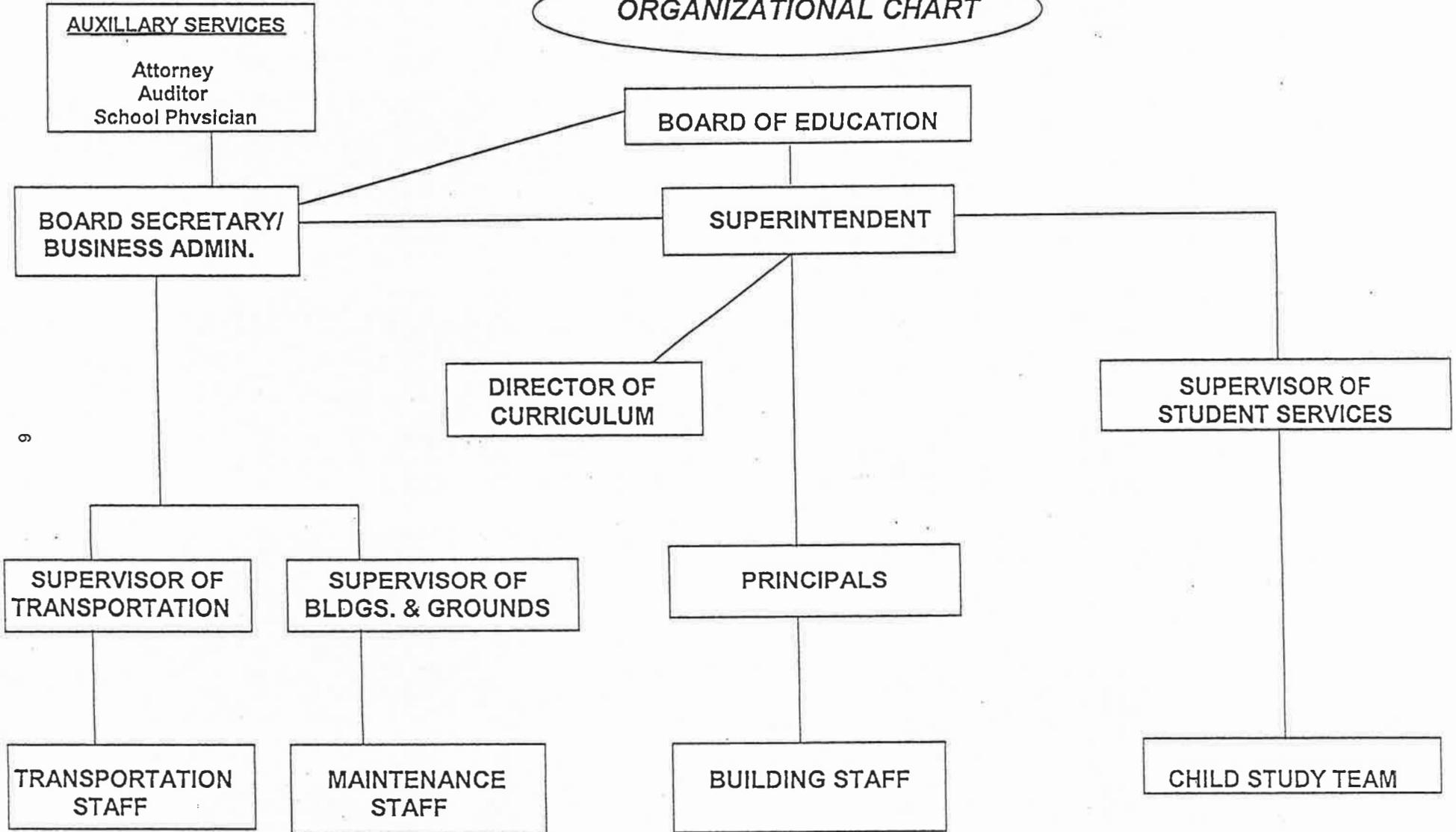
Dr. Missy Peretti  
Superintendent



Robert E. Scharlé  
School Business Administrator/Board Secretary

HARRISON TOWNSHIP SCHOOL DISTRICT  
MULLICA HILL, NEW JERSEY

**ORGANIZATIONAL CHART**



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

***ROSTER OF OFFICIALS  
JUNE 30, 2015***

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
<b>Barbara Beske, President</b>	<b>2016</b>
<b>Joseph Schwab, Vice-President</b>	<b>2015</b>
<b>Kristin DeSimone</b>	<b>2016</b>
<b>Patrick Duffey</b>	<b>2015</b>
<b>Cristie Clark</b>	<b>2017</b>
<b>Stacey Muscarella</b>	<b>2017</b>
<b>Skip Sindoni</b>	<b>2015</b>
<b>Theresa Vaites</b>	<b>2016</b>
<b>John Williams</b>	<b>2017</b>

**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***

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

**Financial Section**

**INVERSO & STEWART, LLC**  
Certified Public Accountants

651 Route 73 North, Suite 402  
Marlton, New Jersey 08053  
(856) 983-2244  
Fax (856) 983-6674  
E-Mail: [iscpas@concentric.net](mailto:iscpas@concentric.net)

-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 Township, New Jersey

***Report on the Financial Statements***

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Harrison Township School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2015, 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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, 2015, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Emphasis of Matter*

As discussed in Note 9 to the financial statements, during the fiscal year ended June 30, 2015, the School District adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB): Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. My opinion is not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and State of New Jersey OMB's Circular 04-04 and/or 15-08, as applicable, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the 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 information described in the previous paragraph is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical section 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 November 27, 2015 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 and 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

Marlton, New Jersey  
November 27, 2015

***INVERSO & STEWART, LLC***  
**Certified Public Accountants**

651 Route 73 North, Suite 402  
 Marlton, New Jersey 08053  
 (856) 983-2244  
 Fax (856) 983-6674  
 E-Mail: [iscpas@concentric.net](mailto:iscpas@concentric.net)

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

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

**INDEPENDENT AUDITOR'S REPORT**

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial 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 year ended June 30, 2015, 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 November 27, 2015.

***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District'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 of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey 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

Marlton, New Jersey  
November 27, 2015

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, 2015**

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, 2015. 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 \$4,236,366 (*net position*).
- Governmental activities have unrestricted deficit net position of \$6,275,928. 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 \$489,448, or a 13.09% increase from the prior fiscal year-end balance.
- Fund balance of the School District's governmental funds decreased \$84,791 resulting in an ending fund balance of \$1,190,457. This decrease is due to the results of operations in the general fund.
- Business-type activities have unrestricted net position of \$14,745, 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 \$784,307 which is the result of the payment of bond principal, an increase in capital lease principal and a slight increase in compensated absences.

**Overview of the Basic Financial Statements**

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

**District-wide Financial Statements**

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

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

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

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

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

## **Notes to the Basic Financial Statements**

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

### **Other Information**

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

### **District-wide Financial Analysis**

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2015. 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 2015.

The assets of the primary government activities exceeded liabilities by \$4,198,693 with an unrestricted deficit balance of \$6,275,928. The net position of the primary government does not include internal balances.

A net investment of \$9,080,503 in land, improvements, buildings, equipment and vehicles provides the services to the School District's 1,493 public school students. Net position of \$154,318 has been restricted to provide resources for future capital expansion and renovation projects and \$100,486 has been restricted for maintenance while \$1,139,314 has been restricted for budget appropriation.

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, 2015 and 2014**

	Governmental Activities		Business-Type Activities		District-Wide	
	2015	2014	2015	2014	2015	2014
<b>Assets:</b>						
Current assets	\$ 1,298,099	\$ 1,320,741	\$ 25,251	\$ 41,871	\$ 1,323,350	\$ 1,362,612
Capital assets	15,570,503	15,749,527	22,928	29,645	15,593,431	15,779,172
<b>Total assets</b>	<b>16,868,602</b>	<b>17,070,268</b>	<b>48,179</b>	<b>71,516</b>	<b>16,916,781</b>	<b>17,141,784</b>
Deferred Outflows of Resources	417,617				417,617	
<b>Liabilities:</b>						
Current Liabilities	999,503	980,289	10,506	8,891	1,010,009	989,180
Noncurrent Liabilities	11,658,058	6,875,286			11,658,058	6,875,286
<b>Total liabilities</b>	<b>12,657,561</b>	<b>7,855,575</b>	<b>10,506</b>	<b>8,891</b>	<b>12,668,067</b>	<b>7,864,466</b>
Deferred Inflows of Resources	429,965				429,965	
<b>Net position</b>	<b>\$ 4,198,693</b>	<b>\$ 9,214,693</b>	<b>\$ 37,673</b>	<b>\$ 62,625</b>	<b>\$ 4,236,366</b>	<b>\$ 9,277,318</b>
<b>Net position consist of:</b>						
<b>Net investment in</b>						
capital assets	\$ 9,080,503	\$ 8,420,527	\$ 22,928	\$ 29,645	\$ 9,103,431	\$ 8,450,172
Restricted	1,394,118	1,442,289			1,394,118	1,442,289
Unrestricted	(6,275,928)	(648,123)	14,745	32,980	(6,261,183)	(615,143)
<b>Net position</b>	<b>\$ 4,198,693</b>	<b>\$ 9,214,693</b>	<b>\$ 37,673</b>	<b>\$ 62,625</b>	<b>\$ 4,236,366</b>	<b>\$ 9,277,318</b>

**Governmental Activities**

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

- The increase is a result of repayment of debt.

**Business-type Activities**

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

- The Food Service Program had a net loss of \$24,952.

**Township of Harrison School District**  
**Comparative Schedule of Changes in Net Position**  
**As of and for the Fiscal Year Ended June 30, 2015 and 2014**

	Governmental Activities		Business-Type Activities		District-Wide	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
<b>Program Revenues</b>						
Charges for services	\$ -	\$ -	\$ 259,726	\$ 277,152	\$ 259,726	\$ 277,152
Operating grants and Contributions	2,513,865	1,952,174	103,210	95,285	2,617,075	2,047,459
Capital grants and Contributions						
<b>General Revenues:</b>						
Property Taxes	12,025,743	11,849,143			12,025,743	11,849,143
Unrestricted State Aid	6,535,903	6,783,692			6,535,903	6,783,692
Tuition	230,216	293,151			230,216	293,151
Other Revenues	130,241	107,260			130,241	107,260
<b>Total Revenues</b>	<u>21,435,968</u>	<u>20,985,420</u>	<u>362,936</u>	<u>372,437</u>	<u>21,798,904</u>	<u>21,357,857</u>
<b>Expenses:</b>						
<b>Governmental Activities:</b>						
Instruction	9,051,338	8,825,503			9,051,338	8,825,503
Tuition	602,957	838,439			602,957	838,439
Related Services	1,443,478	1,445,071			1,443,478	1,445,071
Administrative Services	995,175	1,029,728			995,175	1,029,728
Operations and Maintenance	1,821,400	1,840,416			1,821,400	1,840,416
Transportation	1,312,316	1,295,279			1,312,316	1,295,279
Central Services	597,866	500,940			597,866	500,940
Interest on long-term Debt	278,452	303,635			278,452	303,635
Other	42,607	41,507			42,607	41,507
Unallocated benefits	4,775,979	4,409,465			4,775,979	4,409,465
<b>Business-Type Activities:</b>						
Food Service Operations			387,888	384,256	387,888	384,256
<b>Total Expenses</b>	<u>20,921,568</u>	<u>20,529,983</u>	<u>387,888</u>	<u>384,256</u>	<u>21,294,439</u>	<u>20,914,239</u>
<b>Increase in net position</b>						
Before transfers	514,400	455,437	(24,952)	(11,819)	489,448	443,618
Transfers						
<b>Changes in net position</b>	514,400	455,437	(24,952)	(11,819)	489,448	443,618
Net position, July 1, Restated	3,675,293	8,759,256	62,625	74,444	3,737,918	8,833,700
<b>Net position, June 30,</b>	<u>\$ 4,189,693</u>	<u>\$ 9,214,693</u>	<u>\$ 37,673</u>	<u>\$ 62,625</u>	<u>\$ 4,227,366</u>	<u>\$ 9,277,318</u>

## **Financial Analysis of the Governmental Funds**

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

*Governmental Funds* - The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, 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 \$1,190,457, a decrease of \$84,791 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 \$203,661 in the General 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 \$154,318, 2) appropriated as a revenue source in the subsequent year's budget \$400,000, 3) reserve for encumbrances \$124,626 4) reserved for maintenance \$100,486 or 5) reserved for future budget appropriation in accordance with state statutes \$614,688.

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 \$395,605, while total fund balance (budgetary basis) was \$1,635,843. 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 \$19,863,111. Unreserved fund balance (budgetary basis) represents 1.99% of expenditures while total fund balance (budgetary basis) represents 8.24% 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, 2015, totaled \$15,593,431 (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 \$185,741, or a 1.18% decrease. The decrease is primarily due to depreciation expense.

**Township of Harrison School District  
Capital Assets (net of accumulated depreciation)  
June 30, 2015 and 2014**

	Governmental Activities		Business-Type Activities		District-Wide	
	2015	2014	2015	2014	2015	2014
Land	\$ 430,000	\$ 430,000	\$ -	\$ -	\$ 430,000	\$ 430,000
Buildings and Building Improvements	14,482,234	14,643,275			14,482,234	14,643,275
Equipment	<u>658,269</u>	<u>676,252</u>	<u>22,928</u>	<u>29,645</u>	<u>681,197</u>	<u>705,897</u>
Total	<u>\$ 15,570,503</u>	<u>\$ 15,749,527</u>	<u>\$ 22,928</u>	<u>\$ 29,645</u>	<u>\$ 15,593,431</u>	<u>\$ 15,779,172</u>

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

*Long-term debt* – During the fiscal year ended June 30, 2015, the School District had \$6,295,000 in serial bonds payable, \$195,000 in capital leases payable and \$439,989 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 \$34,600,999. The available amount as of June 30, 2015 was \$28,305,999.

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 2015-16 fiscal year.

- For the 2015-16 fiscal year the School District will be receiving a slight decrease in state aid. The local tax levy in the General Fund increased by \$411,370 or 3.62%. The 2015-16 General Fund Budget decreased \$275,179 over previous year. The tax rate for 2015 is \$.893 versus \$.878 in 2014.

**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, 2015**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 859,214.60	\$ 783.57	\$ 859,998.17
Receivables, net	337,959.33	15,949.56	353,908.89
Inventory		8,517.68	8,517.68
Restricted assets:			
Capital reserve account	439.03		439.03
Maintenance reserve account	100,486.12		100,486.12
Capital assets, net (Note 5)	<u>15,570,503.00</u>	<u>22,928.00</u>	<u>15,593,431.00</u>
Total assets	<u>16,868,602.08</u>	<u>48,178.81</u>	<u>16,916,780.89</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows of resources from pensions	<u>417,617.00</u>		<u>417,617.00</u>
<b>LIABILITIES:</b>			
Accounts payable	89,692.21		89,692.21
Intergovernmental payable:			
State	16,349.99		16,349.99
Unearned revenue	1,600.00	10,505.96	12,105.96
Accrued interest due within one year	86,860.41		86,860.41
Noncurrent liabilities:			
Due within one year	805,000.00		805,000.00
Due beyond one year	6,124,989.42		6,124,989.42
Net pension liability	<u>5,533,069.00</u>		<u>5,533,069.00</u>
Total liabilities	<u>12,657,561.03</u>	<u>10,505.96</u>	<u>12,668,066.99</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Inflows of resources from pensions	<u>429,965.00</u>		<u>429,965.00</u>
<b>NET POSITION:</b>			
Net investment in capital assets	9,080,503.00	22,928.00	9,103,431.00
Restricted for:			
Debt Service	1.00		1.00
Capital Projects	154,317.53		154,317.53
Other purposes	1,239,799.67		1,239,799.67
Unrestricted	<u>(6,275,928.15)</u>	<u>14,744.85</u>	<u>(6,261,183.30)</u>
Total net position	<u>\$ 4,198,693.05</u>	<u>\$ 37,672.85</u>	<u>\$ 4,236,365.90</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, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 6,650,156.19	\$ -	\$ 104,117.23	\$ -	\$ (6,546,038.96)	\$ -	\$ (6,546,038.96)
Special education	1,563,667.78				(1,563,667.78)		(1,563,667.78)
Other instruction	837,514.20		6,114.17		(831,400.03)		(831,400.03)
Support Services:							
Tuition	602,957.23		289,798.79		(313,158.44)		(313,158.44)
Student & instruction related services	1,443,478.24		70,588.97		(1,372,889.27)		(1,372,889.27)
General administrative services	406,024.56				(406,024.56)		(406,024.56)
School administrative services	589,149.39				(589,149.39)		(589,149.39)
Central services	597,865.60				(597,865.60)		(597,865.60)
Plant operations and maintenance	1,821,400.03				(1,821,400.03)		(1,821,400.03)
Pupil transportation	1,312,316.33				(1,312,316.33)		(1,312,316.33)
Unallocated employee benefits	4,775,979.22		1,717,472.59		(3,058,506.63)		(3,058,506.63)
Interest and other costs on long-term debt	278,452.03		325,773.00		47,320.97		47,320.97
Unallocated depreciation and amortization	42,607.00				(42,607.00)		(42,607.00)
Total governmental activities	<u>20,921,567.80</u>	<u>-</u>	<u>2,513,864.75</u>	<u>-</u>	<u>(18,407,703.05)</u>	<u>-</u>	<u>(18,407,703.05)</u>
Business-type activities:							
Food service program	<u>387,888.35</u>	<u>259,725.80</u>	<u>103,210.32</u>	<u>-</u>	<u>-</u>	<u>(24,952.23)</u>	<u>(24,952.23)</u>
Total business-type activities	<u>387,888.35</u>	<u>259,725.80</u>	<u>103,210.32</u>	<u>-</u>	<u>-</u>	<u>(24,952.23)</u>	<u>(24,952.23)</u>
Total primary government	<u>21,309,456.15</u>	<u>259,725.80</u>	<u>2,617,075.07</u>	<u>-</u>	<u>(18,407,703.05)</u>	<u>(24,952.23)</u>	<u>(18,432,655.28)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					11,349,128.00		11,349,128.00
Taxes levied for debt service					676,615.00		676,615.00
Federal and state aid not restricted					6,535,903.00		6,535,903.00
Tuition charges					230,215.60		230,215.60
Transportation charges					82,369.00		82,369.00
Investment earnings					237.20		237.20
Miscellaneous income					47,635.34		47,635.34
Total general revenues, special items, extraordinary items and transfers					<u>18,922,103.14</u>	<u>-</u>	<u>18,922,103.14</u>
Change in Net Position					514,400.09	(24,952.23)	489,447.86
Net Position - July 1, as restated (Note 23)					<u>3,675,292.96</u>	<u>62,625.08</u>	<u>3,737,918.04</u>
Net Position - June 30					<u>\$ 4,189,693.05</u>	<u>\$ 37,672.85</u>	<u>\$ 4,227,365.90</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, 2016**

<b>ASSETS</b>	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 836,996.10	\$ -	\$ 22,217.50	\$ 1.00	\$ 859,214.60
Receivables, net	146,641.04	53,657.29	131,661.00		331,959.33
Interfund receivable	43,307.30				43,307.30
Restricted cash and cash equivalents	100,925.15				100,925.15
<b>Total assets</b>	<u>1,127,869.59</u>	<u>53,657.29</u>	<u>153,878.50</u>	<u>1.00</u>	<u>1,335,406.38</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	89,692.21				89,692.21
Intergovernmental payable:					
State		16,349.99			16,349.99
Unearned revenues	1,600.00				1,600.00
Interfund payable		37,307.30			37,307.30
<b>Total liabilities</b>	<u>91,292.21</u>	<u>53,657.29</u>	<u>-</u>	<u>-</u>	<u>144,949.50</u>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Excess surplus	614,687.58				614,687.58
Excess Surplus - Designated for Subsequent Year's Expenditures	346,150.73				346,150.73
Capital reserve account	439.03				439.03
Maintenance reserve account	100,486.12				100,486.12
<b>Assigned to:</b>					
Year-end encumbrances	124,625.97				124,625.97
Designated for subsequent year's expenditures	53,849.27				53,849.27
Unassigned	(203,661.32)		153,878.50	1.00	(49,781.82)
<b>Total fund balances</b>	<u>1,036,577.38</u>	<u>-</u>	<u>153,878.50</u>	<u>1.00</u>	<u>1,190,456.88</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,127,869.59</u>	<u>\$ 53,657.29</u>	<u>\$ 153,878.50</u>	<u>\$ 1.00</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$29,949,965.00 and the accumulated depreciation is \$14,379,462.00.	15,570,503.00
Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the funds.	(86,860.41)
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	417,617.00
Net Pension Liability	(5,533,069.00)
Deferred Inflows of resources from Pensions	(429,965.00)
	(5,545,417.00)
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	(6,295,000.00)
Capital leases payable	(195,000.00)
Compensated absences	(439,989.42)
<b>Net position of governmental activities</b>	<u>\$ 4,198,693.05</u>

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

**TOWNSHIP OF HARRISON SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**for the Fiscal Year Ended June 30, 2015**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 11,349,128.00	\$ -	\$ -	\$ 676,615.00	\$12,025,743.00
Tuition charges	230,215.60				230,215.60
Transportation fees	82,369.00				82,369.00
Capital Reserve - Interest earned	27.40				27.40
Maintenance Reserve - Interest earned	209.80				209.80
Miscellaneous	47,635.34				47,635.34
<b>Total revenues-local sources</b>	<b>11,709,585.14</b>		-	<b>676,615.00</b>	<b>12,386,200.14</b>
State sources	7,914,855.45	41,300.01	326,904.00	325,773.00	8,608,832.46
Federal sources	-	440,665.29			440,665.29
<b>Total revenues</b>	<b>19,624,440.59</b>	<b>481,965.30</b>	<b>326,904.00</b>	<b>1,002,388.00</b>	<b>21,435,697.89</b>
<b>EXPENDITURES:</b>					
Current expense:					
Regular instruction	5,894,831.96	104,117.23			5,998,949.19
Special education instruction	1,563,667.78				1,563,667.78
Other instruction	831,400.03	6,114.17			837,514.20
Support services and undistributed costs:					
Tuition	313,158.44	289,798.79			602,957.23
Student & instruction related services	1,374,391.27	69,086.97			1,443,478.24
General administrative services	320,809.56				320,809.56
School administrative services	589,149.39				589,149.39
Central services	597,865.60				597,865.60
Plant operations and maintenance	1,666,576.08				1,666,576.08
Pupil transportation	1,312,316.33				1,312,316.33
Unallocated employee benefits	4,749,616.08	11,346.14			4,760,962.22
Capital outlay	158,972.00	1,502.00	663,381.50		823,855.50
Debt service:					
Principal				715,000.00	715,000.00
Interest and other charges				287,387.50	287,387.50
<b>Total expenditures</b>	<b>19,372,754.52</b>	<b>481,965.30</b>	<b>663,381.50</b>	<b>1,002,387.50</b>	<b>21,520,488.82</b>
Excess (deficiency) of revenues over (under) expenditures	251,686.07	-	(336,477.50)	0.50	(84,790.93)
Other Financing Sources (Uses):					
Transfers in			490,356.00		490,356.00
Transfers out	(490,356.00)				(490,356.00)
<b>Total other financing sources (uses)</b>	<b>(490,356.00)</b>	<b>-</b>	<b>490,356.00</b>	<b>-</b>	<b>-</b>
Net change in fund balance	(238,669.93)	-	153,878.50	0.50	(84,790.93)
Fund balances, July 1	1,275,247.31			0.50	1,275,247.81
<b>Fund balances, June 30</b>	<b>\$ 1,036,577.38</b>	<b>\$ -</b>	<b>\$ 153,878.50</b>	<b>\$ 1.00</b>	<b>\$ 1,190,456.88</b>

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, 2015**

Total net change in fund balances - governmental funds (from B-2)	\$	(84,790.93)
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	\$ (852,148.00)	
Capital outlay	<u>673,124.00</u>	(179,024.00)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities.		715,000.00
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities.		124,000.00
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.		8,935.47
Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities.		(15,017)
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 (+).		<u>(54,703.45)</u>
Change in net position of governmental activities	\$	<u>514,400.09</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, 2015**

	<u>Business-type Activities Enterprise Funds</u>
	<u>2015</u>
<b>ASSETS:</b>	
Current assets:	
Cash and cash equivalents	\$ 783.57
Accounts receivable	15,949.56
Inventories	<u>8,517.68</u>
Total current assets	<u>25,250.81</u>
Noncurrent assets:	
Equipment	295,528.00
Less accumulated depreciation	<u>(272,600.00)</u>
Total noncurrent assets	<u>22,928.00</u>
Total assets	<u><u>\$ 48,178.81</u></u>
 <b>LIABILITIES:</b>	
Current liabilities:	
Unearned revenue	<u>\$ 10,505.96</u>
Total liabilities	<u>10,505.96</u>
 <b>NET ASSETS:</b>	
Invested in capital assets net of related debt	22,928.00
Unrestricted	<u>14,744.85</u>
Total net position	<u><u>\$ 37,672.85</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, 2015**

	<u>Business-type Activities Enterprise Funds</u>
	<u>2015</u>
<b>Operating revenues:</b>	
Charges for services:	
Daily sales-reimbursable programs	\$ 151,502.93
Daily sales-non-reimbursable programs	108,222.87
	<u>259,725.80</u>
<b>Operating expenses:</b>	
Salaries	143,940.00
Benefits	9,631.19
Supplies and materials	15,008.30
Depreciation	13,374.00
Management fee	16,632.24
Direct expenses	759.79
Repairs and maintenance	16,321.56
Cost of sales	172,221.27
	<u>387,888.35</u>
Total operating expenses	<u>387,888.35</u>
Operating income (loss)	<u>(128,162.55)</u>
<b>Nonoperating revenues (expenses):</b>	
State sources:	
State school lunch program	3,637.86
Federal sources:	
National school lunch program	75,204.40
U.S.D.A. commodities	24,368.06
	<u>103,210.32</u>
Total nonoperating revenues (expenses)	<u>103,210.32</u>
Change in net position	(24,952.23)
Total net position - July 1	<u>62,625.08</u>
Total net position - June 30	<u>\$ 37,672.85</u>

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, 2015**

	<u>Business-type Activities Enterprise Funds</u>
	<u>2015</u>
<b>Cash flows from operating activities:</b>	
Receipts from customers	\$ 262,812.17
Payments to employees	(153,571.19)
Payments to suppliers	(189,421.79)
Net cash used for operating activities	<u>(80,180.81)</u>
<b>Cash flows from noncapital financing activities:</b>	
State sources	3,407.19
Federal sources	70,271.71
Net cash provided by non-capital financing activities	<u>73,678.90</u>
<b>Cash flows from capital activities:</b>	
Purchases of fixed assets	(6,657.00)
	<u>(6,657.00)</u>
<b>Cash flows from investing activities:</b>	
Interest and dividends	_____
Net cash provided by investing activities	_____
Net increase in cash and cash equivalents	(13,158.91)
Balances - July 1	<u>13,942.48</u>
Balances - June 30	<u>\$ 783.57</u>
<b>Reconciliation of operating loss to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ (128,162.55)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	13,374.00
Federal commodities	24,368.06
(Increase) decrease in accounts receivable	(1,860.28)
(Increase) decrease in inventories	10,485.77
Increase (decrease) in accounts payable	_____
Increase (decrease) in deferred revenue	1,614.19
Total adjustments	<u>47,981.74</u>
Net cash provided by (used for) operating activities	<u>\$ (80,180.81)</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, 2015**

	<u>Unemployment Compensation</u>	<u>Flexible Spending Account</u>	<u>Agency Funds</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 85,264.95	\$ 6,627.09	\$ 81,738.74
Accounts Receivable			
	<u>85,264.95</u>	<u>6,627.09</u>	<u>81,738.74</u>
<b>Total assets</b>	<u>85,264.95</u>	<u>6,627.09</u>	<u>81,738.74</u>
<b>LIABILITIES:</b>			
Payroll deductions and withholdings	\$ 122.28	\$ -	\$ 17,188.84
Due to student groups			64,549.90
Interfund payable		6,000.00	
	<u>122.28</u>	<u>6,000.00</u>	<u>81,738.74</u>
<b>Total liabilities</b>	<u>122.28</u>	<u>6,000.00</u>	<u>81,738.74</u>
<b>Net Position:</b>			
Held in trust for unemployment claims	<u>\$ 85,142.67</u>		
Held in trust for claims		<u>\$ 627.09</u>	

**TOWNSHIP OF HARRISON SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2015**

	Unemployment Compensation Trust	Flexible Spending Account
<b>ADDITIONS:</b>		
Board contributions	\$ 5,280.00	\$ -
Employee contributions	30,511.14	7,700.00
Interest on Investments	164.97	
Net contributions	35,956.11	7,700.00
 <b>DEDUCTIONS:</b>		
Flexible Spending Account Claims		7,398.75
Unemployment Claims	50,342.39	
Total deductions	50,342.39	7,398.75
 Change in net position	(14,386.28)	301.25
Net position - July 1	99,528.95	325.84
Net position - June 30	\$ 85,142.67	\$ 627.09

**Township of Harrison School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**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, 2015 of 1,493 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. 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. 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.

**Township of Harrison School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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

**Township of Harrison School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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. 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.

**Township of Harrison School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

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.

**Township of Harrison School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

**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, 2015 and 2014 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.

**Township of Harrison School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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, 2015.

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.

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

**Township of Harrison School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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, 2015.

**Township of Harrison School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Balance (Continued)**

**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.

**Recently Issued Accounting Pronouncements** – In February 2015, the GASB issued Statement 72, Fair Value Measurement and Application. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. This Statement is effective for financial statements for periods beginning after June 15, 2015 and will not have any effect on the District's financial reporting.

**Township of Harrison School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Recently Issued Accounting Pronouncements (Continued)** - In June 2015, the GASB issued Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. This Statement is effective for financial statements for periods beginning after June 15, 2016 and will not have any effect on the District's financial reporting.

In June 2015, the GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are *not* administered through trusts that meet the specified criteria. This Statement is effective for financial statements for periods beginning after June 15, 2016. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In June, 2015, the GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement is effective for financial statements for periods beginning after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

In June 2016, the GASB issued Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements in this Statement improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. As a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement is effective for financial statements for periods beginning after June 15, 2015 and will not have any effect on the District's financial reporting.

**Township of Harrison School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**2. CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District’s deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School district in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings of funds that pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the School District’s amount on deposit of \$1,646,443 as of June 30, 2015, \$250,000 was insured under FDIC and the remaining balance of \$1,396,443 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, 2014 to June 30, 2015 fiscal year is as follows:

Balance – July 1, 2014		\$	220,382
Increased by:			
Interest Earned			27
			220,409
Decreased by:			
Transfer to Capital Projects			(219,970)
			439
Balance – June 30, 2015		\$	439

The June 30, 2015 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted capital projects.

**4. ACCOUNTS RECEIVABLE**

Receivables at June 30, 2015 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, 2015**

**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>Capital Projects Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
State Aid	\$ 122,350	\$ -	\$ 131,661	\$ 596	\$ 254,607
Federal Aid		53,657		12,021	65,678
Tuition fees	19,187				19,187
Other	<u>5,104</u>			<u>3,332</u>	<u>8,436</u>
Total	<u>\$ 146,641</u>	<u>\$ 53,657</u>	<u>\$ 131,661</u>	<u>\$ 15,949</u>	<u>\$ 347,908</u>

**5. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance June 30, 2015</u>
<b>Governmental Activities:</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 430,000	\$ -	\$ -	\$ 430,000
Construction in progress				
Total capital assets, not being Depreciated	<u>430,000</u>			<u>430,000</u>
<i>Capital Assets, being depreciated:</i>				
Site and Site Improvements	1,232,803			1,232,803
Building and Building Improvements	24,679,241	493,504		25,172,745
Equipment (Restated)	<u>3,081,532</u>	<u>185,607</u>	<u>(152,722)</u>	<u>3,114,417</u>
Totals at historical cost	<u>28,993,576</u>	<u>679,111</u>	<u>(152,722)</u>	<u>29,519,965</u>
<i>Less Accumulated Depreciation:</i>				
Site and Site Improvements	(1,008,315)	(60,138)		(1,068,453)
Building and Building Improvements	(10,260,454)	(594,407)		(10,854,861)
Equipment (Restated)	<u>(2,405,280)</u>	<u>(197,603)</u>	<u>146,735</u>	<u>(2,456,148)</u>
Totals accumulated depreciation	<u>(13,674,049)</u>	<u>(852,148)</u>	<u>146,735</u>	<u>(14,379,462)</u>
Total Capital Assets, being depreciated, net	<u>15,319,527</u>	<u>(173,037)</u>	<u>(5,987)</u>	<u>15,140,503</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,749,527</u>	<u>\$ (173,037)</u>	<u>\$ (5,987)</u>	<u>\$ 15,570,503</u>
<b>Business-Type Activities:</b>				
<i>Capital Assets, being depreciated:</i>				
Equipment	\$ 293,143	\$ 6,657	\$ (4,272)	\$ 295,528
Less accumulated depreciation	<u>(263,498)</u>	<u>(13,374)</u>	<u>4,272</u>	<u>(272,600)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 29,645</u>	<u>\$ (6,717)</u>	<u>\$ -</u>	<u>\$ 22,928</u>

**Township of Harrison School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**5. CAPITAL ASSETS (Continued)**

Depreciation expense in the amount of \$852,148 was charged to governmental functions as follows:

Function	Amount
Instruction	\$ 596,504
General Administration	85,215
Plant Operations and Maintenance	127,822
Unallocated	42,607
Total	\$ 852,148

**6. INVENTORY**

Inventory in the Food Service Fund at June 30, 2015 consisted of the following:

Food	\$ 6,653
Supplies	1,865
	\$ 8,518

**7. LONG-TERM OBLIGATIONS**

During the fiscal year ended June 30, 2015, the following changes occurred in long-term obligations:

<u>Governmental Activities:</u>	<u>Principal Outstanding July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2015</u>	<u>Amounts Due Within One Year</u>
Serial Bonds Payable	\$ 7,010,000	\$ -	\$ 715,000	\$ 6,295,000	\$ 740,000
Capital Leases Payable	319,000		124,000	195,000	65,000
Compensated Absences	385,296	67,331	12,638	439,989	
Total Governmental Activity	\$ 7,714,296	\$ 67,331	\$ 851,638	\$ 6,929,989	\$ 805,000

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

2003 General Obligation Bonds dated February 1, 2003 in the amount of \$660,000 due in annual installments through February 1, 2018 bearing a variable interest rate ranging from 3.75% to 3.875%.

2006 Refunding Bonds dated November 1, 2006 in the amount of \$5,635,000 due in annual installments through March 1, 2024 bearing a variable interest rate of 4.00%.

**Township of Harrison School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**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>
2016	\$ 740,000	\$ 254,325	\$ 994,325
2017	770,000	221,375	991,375
2018	790,000	191,125	981,125
2019	595,000	159,800	754,800
2020	620,000	136,000	756,000
2021-2024	<u>2,780,000</u>	<u>281,000</u>	<u>3,061,000</u>
	<u>\$ 6,295,000</u>	<u>\$ 1,243,625</u>	<u>\$ 7,538,625</u>

As of June 30, 2015 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.

**Capital Leases**

The District is leasing four school buses totaling \$195,000 under capital leases. The following is a schedule of the future minimum lease payments under these capital lease agreements:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 65,000	\$ 2,611	\$ 67,611
2017	65,000	1,741	66,741
2018	<u>65,000</u>	<u>870</u>	<u>65,870</u>
	<u>\$ 195,000</u>	<u>\$ 5,222</u>	<u>\$ 200,222</u>

**8. OPERATING LEASES**

At June 30, 2015, the District had operating lease agreements in effect for copiers.

Total operating lease payments made during the year ended June 30, 2015, and 2014 were \$66,998 and \$74,560 respectively. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2016	\$ 51,036
June 30, 2017	37,174
June 30, 2018	<u>5,090</u>
Total future minimum lease payments	<u>\$ 93,300</u>

**Township of Harrison School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**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), the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295.

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

The Teachers' Pension and Annuity Fund is a cost-sharing contributory defined benefit pension plan which was established on January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members are determined by State statute. In accordance with Chapters 113, 114, 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92 P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

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.

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.

For the year ended June 30, 2015, the District recognized pension expense of \$2,263,500 and revenue of \$2,263,500 for support provided by the State. Although the 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 district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	06/30/14	06/30/13
Collective deferred outflows of resources	\$ 2,306,623,861	\$ -
Collective deferred inflows of resources	1,763,205,593	-
Collective net pension liability (Non-Employer – State of New Jersey)	53,446,745,367	50,539,213,484
State's portion of the net pension liability that was associated with the district	42,065,146	41,466,896
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	.0787047848%	.0820489531%

**Township of Harrison School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**9. PENSION PLANS (Continued)**

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

*Actuarial assumptions* – The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation: 2.5%  
Salary Increases: Varies based on experience  
Investment Rate of Return: 7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	06.00%	0.50%
Core Fixed Income	00.00%	2.19%
Core Bonds	01.00%	1.38%
Short-Term Bonds	00.00%	1.00%
Intermediate Term Bonds	11.20%	2.60%
Long-Term Bonds	00.00%	3.23%
Mortgages	02.50%	2.84%
High Yield Bonds	05.50%	4.15%
Non US Fixed Income	00.00%	1.41%
Inflation Indexed Bonds	02.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	00.00%	5.62%
Mid Cap US Equities	00.00%	6.39%
Small Cap US Equities	00.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	06.50%	8.90%
Private Equity	08.25%	9.15%
Hedge Funds/Absolute Ret	12.25%	3.85%
Real Estate (Property)	03.20%	4.43%
Real Estate (REITS)	00.00%	5.58%
Commodities	02.50%	3.60%
Long Credit Bonds	00.00%	3.74%

**Township of Harrison School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**9. PENSION PLANS (Continued)**

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

*Discount rate.* The discount rate used to measure the State's total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the average of the last five years. 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 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* Since the District has no proportionate share of the net pension liability, because of the special funding situation, the district would not be sensitive to any changes in the discount rate.

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)**

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 and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, 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. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012 and increases each subsequent July 1. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

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

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Non-Contr. Life Ins.</u>	<u>Total Liability</u>	<u>Paid by District</u>
2015	\$ 40,559	\$ 187,615	\$ 15,454	\$ 243,628	\$ 243,628
2014	41,424	182,125	3,802	227,351	227,351
2013	65,379	156,323	13,195	234,897	234,897

**Township of Harrison School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**9. PENSION PLANS (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

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.

For the year ended June 30, 2015, the District recognized pension expense of \$268,021. At June 30, 2015, the District reported a liability of \$5,533,069 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	\$ -	\$ -
Changes of assumptions	173,989	
Net difference between projected and actual earnings on pension plan investments		329,741
Changes in proportion and differences between District contributions and proportionate share of contributions		100,224
District contributions subsequent to the measurement date	243,628	
Total	\$ 417,617	\$ 429,965

\$243,628 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, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net liability in the year ended June 30, 2015. 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 Inflow of Resources:
2016	\$ 51,195
2017	51,195
2018	51,195
2019	51,195
2020	51,196
Total	\$ 255,976

**Township of Harrison School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**9. PENSION PLANS (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

**Additional Information**

Collective balances at June 30, 2014 and 2013 are as follows:

	<u>6/30/2014</u>	<u>6/30/2013</u>
Collective deferred outflows of resources	\$ 952,194,675	\$ (1)
Collective deferred inflows of resources	\$ 1,479,224,662	\$ (1)
Collective net pension liability	\$ 18,722,735,003	\$ 19,111,986,911
District's Proportion	.0295526762%	.0301734788%

(1) – Information not available.

*Actuarial assumptions* – The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate: 3.01%  
Salary Increases:  
    2012-2021: 2.15-4.40% based on age  
    Thereafter: 3.15-5.40% based on age  
Investment Rate of Return: 7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	06.00%	00.80%
Core Bonds	01.00%	02.49%
Intermediate Term Bonds	11.20%	02.26%
Mortgages	02.50%	02.17%
High Yield Bonds	05.50%	04.82%
Inflation Indexed Bonds	02.50%	03.51%
Broad US Equities	25.90%	08.22%
Developed Foreign Equities	12.70%	08.12%
Emerging Market Equities	06.50%	09.91%
Private Equity	08.25%	13.02%
Hedge Funds/Absolute Ret	12.25%	04.92%
Real Estate (Property)	03.20%	05.80%
Commodities	02.50%	05.35%

**Township of Harrison School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**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 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the District's proportionate share of the net pension liability measured as of June 30, 2014, calculated using the discount rate of 5/39%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.39%) or 1 percentage point higher (6.39%) than the current rate:

	<b>1% Decrease (4.39%)</b>	<b>Current Discount Rate (5.39%)</b>	<b>1% Increase (6.39%)</b>
District's proportionate share of the net pension liability	\$ 6,960,789	\$ 5,533,069	\$ 4,334,147

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

**Defined Contribution Retirement Program (DCRP)**

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

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

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

<u>Year</u>	<u>Employer Liability</u>	<u>Paid by School District</u>
2015	\$ 14,824	\$ 14,824
2014	11,095	11,095
2013	10,739	10,739

**Township of Harrison School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**10. POST-RETIREMENT BENEFITS**

The School District contributes to the New Jersey State Health Benefits Program (SHBP), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP was established to provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State establishes the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contribution to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the year ended June 30, 2015 was \$681,164 which equaled the required contributions. The State's contribution to the SHBP Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**11. ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2015, the School District has recognized as revenues and expenditures \$429,079 of on-behalf payments made by the State of New Jersey for normal retirement costs related to TPAF and \$595,883 for employer's share of social security contributions for TPAF members, as calculated on their base salaries.

**12. RISK MANAGEMENT**

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

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

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

**Township of Harrison School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**12. RISK MANAGEMENT (Continued)**

**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>
2014-2015	\$ 5,280	\$ 30,511	\$ 165	\$ 50,342	\$ 85,143
2013-2014	10,000	29,852	155	19,306	99,529
2012-2013	10,000	29,776	291	44,048	78,828
2011-2012		29,175	898	44,729	81,809
2010-2011		28,600	611	32,090	96,465

**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, 2015, the liability for compensated absences in the governmental fund was \$439,989.

**Township of Harrison School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**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, 2016. The following interfund balances were recorded on the various balance sheets as of June 30, 2015:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 43,307	\$ -
Special Revenue		37,307
Fiduciary		6,000
	<u>\$ 43,307</u>	<u>\$ 43,307</u>

**16. CONTINGENCIES**

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

At June 30, 2015, 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. DEFICIT UNASSIGNED FUND BALANCE**

The School District has a deficit unassigned fund balance of \$203,661, in the General Fund as of June 30, 2015 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 \$203,661 is equal to or less than the June state aid payment.

**Township of Harrison School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**18. DEFICIT UNRESTRICTED NET POSITION**

As of June 30, 2015, a deficit of \$730,511 existed in the Unrestricted Net position of the Governmental Activities. A reconciliation of Unreserved Fund Balance reported on Exhibit B-1 to Unrestricted Net position reported on Exhibited A-1 as follows:

Balances June 30, 2015	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds):	
Fund Balance – Unassigned	\$ (203,661.32)
Liabilities:	
Accrued Interest Payable	(86,860.41)
Net Pension Differences	(5,545,417.00)
Compensated Absences	<u>(439,989.42)</u>
Unrestricted Net position (Deficit)	<u>\$ (6,275,928.15)</u>

**19. 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, 2015 is \$614,688 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$346,151 of excess fund balance generated during the 2013-2014 fiscal year has been restricted and designated for utilization in the 2015-2016 budget.

**Capital Reserve** – As of June 30, 2015, the balance in the capital reserve account is \$439 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, 2015, the balance in the maintenance reserve account is \$100,486. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

**Township of Harrison School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015**

**19. FUND BALANCES (Continued)**

*ASSIGNED*

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

**General Fund:**

**Other Purposes** – At June 30, 2015 the School District has \$124,626 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 and included as an anticipated revenue for the fiscal year ending June 30, 2015, \$53,849 of general fund balance at June 30, 2015.

*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, 2015, the fund balance of the general fund was a deficit of \$203,661, thus resulting in the fund balance classification of unassigned. The deficit is a result of the delay in the recording of the payment of state aid until the following fiscal year (See Note 17).

**22. LITIGATION**

The District is involved in two legal proceedings. The outcome or potential liability exposure from this litigation is unknown at this time.

**23. RESTATEMENT OF BEGINNING BALANCES**

Net position on the government-wide Statement of Activities as of July 1, 2014, has been restated for implementation of GASB-68.

The government-wide and fund financial statements were restated as follows:

	<b>Government -wide Statements</b>
	<b>Governmental Activities</b>
Net Position as of June 30, 2014, as previously reported	\$ 9,214,692.96
Prior Period Adjustment - Implementation GASB 68:	-
Net Pension Liability	(5,766,751.00)
Deferred Outflows - District's Contribution made during fiscal year 2014	227,351.00
Net Position as Restated, July 1, 2014	\$ 3,675,292.96

**24. SUSEQUENT EVENTS**

On October 26, 2015 the Board of Education approved a Refunding Bond Ordinance in an amount not to exceed \$5,300,000. The Refunding Bonds are being issued to redeem all callable School Refunding Bonds, Series 2006, maturing on March 1 in the years 2017 through 2024 and pay certain expenses incidental to the issuance of the bonds. The Board expects to issue \$4,860,000 in School Refunding Bonds, Series 2015.

Required Supplementary Information - Part II

Budgetary Comparison Schedules

**TOWNSHIP OF HARRISON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2015**

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 11,349,128.00		\$ 11,349,128.00	\$ 11,349,128.00	\$ -
Tuition - Individuals	23,000.00		23,000.00	46,002.50	23,002.50
Tuition - Other LEA's	137,000.00		137,000.00	184,213.10	47,213.10
Transportation Fees	54,000.00		54,000.00	82,369.00	28,369.00
Interest Earned on Capital Reserve Funds	50.00		50.00	27.40	(22.60)
Interest Earned on Maintenance Reserve Funds				209.80	209.80
Miscellaneous	41,000.00		41,000.00	47,635.34	6,635.34
<b>Total - Local Sources</b>	<u>11,604,178.00</u>	<u>-</u>	<u>11,604,178.00</u>	<u>11,709,585.14</u>	<u>105,407.14</u>
State Sources:					
Equalization Aid	5,031,432.00		5,031,432.00	5,031,432.00	-
Transportation Aid	174,772.00		174,772.00	174,772.00	-
Special Education Aid	788,766.00		788,766.00	788,766.00	-
Security Aid	106,673.00		106,673.00	106,673.00	-
Extraordinary Aid	60,000.00		60,000.00	75,487.00	15,487.00
PARCC Readiness Aid	13,560.00		13,560.00	13,560.00	-
Per Pupil Growth Aid	13,560.00		13,560.00	13,560.00	-
Nonpublic School Transportation Costs - Other State Aid				16,978.00	16,978.00
On-Behalf TPAF Pension Contributions (non-budgeted)	-		-	429,079.00	429,079.00
On-Behalf TPAF Post Retirement Medical (non-budgeted)				681,164.00	681,164.00
Reimbursed TPAF Social Security Contrib.(non-budgeted)	-	-	-	595,883.45	595,883.45
<b>Total - State Sources</b>	<u>6,188,763.00</u>	<u>-</u>	<u>6,188,763.00</u>	<u>7,927,354.45</u>	<u>1,738,591.45</u>
<b>Total Revenues</b>	<u>\$ 17,792,941.00</u>	<u>\$ -</u>	<u>\$ 17,792,941.00</u>	<u>\$ 19,636,939.59</u>	<u>\$ 1,843,998.59</u>
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool/Kindergarten	\$ 378,975.00	\$ (23,000.00)	\$ 355,975.00	\$ 348,994.01	\$ 6,980.99
Grades 1-5	4,164,335.00	(72,000.00)	4,092,335.00	4,054,361.78	37,973.22
Grades 6-8	865,000.00	(15,100.00)	849,900.00	840,403.24	9,496.76
Regular Programs - Home Instruction:					
Salaries of Teachers	6,000.00	2,400.00	8,400.00	8,347.50	52.50
Regular Programs - Undistributed Instruction:					
Purchased Educational Services	-	-	-	-	-
Purchased Technical Services	-	-	-	-	-
Other Purchased Services	1,000.00	-	1,000.00	849.00	151.00
Rentals	52,100.00	-	52,100.00	50,093.55	2,006.45
General Supplies	419,859.00	25,750.00	445,609.00	426,589.61	19,019.39
Textbooks	175,390.00	2,750.00	178,140.00	165,193.27	12,946.73
Other Objects	-	-	-	-	-
<b>Total Regular Programs</b>	<u>6,062,659.00</u>	<u>(79,200.00)</u>	<u>5,983,459.00</u>	<u>5,894,831.96</u>	<u>88,627.04</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, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
<b>Current Expense (Cont'd):</b>					
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 809,565.00	\$ (103,000.00)	\$ 706,565.00	\$ 701,673.97	\$ 4,891.03
Other Salaries for Instruction	118,000.00	90,400.00	208,400.00	206,144.27	2,255.73
Purchased Educational Services	6,200.00	8,000.00	14,200.00	7,012.97	7,187.03
General Supplies	4,100.00	-	4,100.00	1,083.00	3,017.00
Textbooks	6,060.00	-	6,060.00	457.24	5,602.76
Other Objects	5,330.00	-	5,330.00	125.00	5,205.00
<b>Total Resource Room/Resource Center</b>	<b>949,255.00</b>	<b>(4,600.00)</b>	<b>944,655.00</b>	<b>916,496.45</b>	<b>28,158.55</b>
Autism:					
Salaries of Teachers	187,406.00	(12,500.00)	174,906.00	173,949.03	956.97
Other Salaries for Instruction	248,856.00	(51,000.00)	197,856.00	197,142.53	713.47
Purchased Educational Services	12,915.00	(9,300.00)	3,615.00	2,795.17	819.83
General Supplies	3,405.88	300.00	3,705.88	3,604.90	100.98
Textbooks	5,100.00	(3,500.00)	1,600.00	914.83	685.17
Other Objects	-	-	-	-	-
<b>Total Autism</b>	<b>457,682.88</b>	<b>(76,000.00)</b>	<b>381,682.88</b>	<b>378,406.46</b>	<b>3,276.42</b>
Preschool Disabilities:					
Salaries of Teachers	115,281.00	103,800.00	219,081.00	218,881.52	199.48
Other Salaries for Instruction	41,000.00	2,300.00	43,300.00	43,029.32	270.68
Purchased Educational Services	332.00	1,000.00	1,332.00	1,296.00	36.00
General Supplies	2,400.00	(1,300.00)	1,100.00	1,022.38	77.62
Textbooks	-	-	-	-	-
Other Objects	400.00	-	400.00	310.40	89.60
<b>Total Preschool Disabilities</b>	<b>159,413.00</b>	<b>105,800.00</b>	<b>265,213.00</b>	<b>264,539.62</b>	<b>673.38</b>
Home Instruction:					
Salaries of Teachers	-	-	-	-	-
Other Salaries for Instruction	-	-	-	-	-
Purchased Educational Services	22,992.00	-	22,992.00	4,225.25	18,766.75
<b>Total Home Instruction</b>	<b>22,992.00</b>	<b>-</b>	<b>22,992.00</b>	<b>4,225.25</b>	<b>18,766.75</b>
<b>Total Special Education - Instruction</b>	<b>1,589,342.88</b>	<b>25,200.00</b>	<b>1,614,542.88</b>	<b>1,563,667.78</b>	<b>50,875.10</b>

**TOWNSHIP OF HARRISON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
<b>Current Expense (Cont'd):</b>					
<b>Basic Skills/Remedial - Instruction:</b>					
Salaries of Teachers	\$ 522,500.00	\$ (600.00)	\$ 521,900.00	\$ 505,541.66	\$ 16,358.34
Other Salaries for Instruction	221,168.00	350.00	221,518.00	219,732.95	1,785.05
General Supplies	1,060.00	-	1,060.00	-	1,060.00
Textbooks	600.00	-	600.00	-	600.00
<b>Total Basic Skills/Remedial - Instruction</b>	<b>745,328.00</b>	<b>(250.00)</b>	<b>745,078.00</b>	<b>725,274.61</b>	<b>19,803.39</b>
<b>Bilingual - Instruction:</b>					
Salaries of Teachers	31,000.00	-	31,000.00	30,299.48	700.52
General Supplies	250.00	-	250.00	93.63	156.37
Textbooks	-	-	-	-	-
<b>Total Bilingual - Instruction</b>	<b>31,250.00</b>	<b>-</b>	<b>31,250.00</b>	<b>30,393.11</b>	<b>856.89</b>
<b>Other Supplemental/At-Risk Program:</b>					
Salaries of Reading Specialists	75,500.00	250.00	75,750.00	75,732.31	17.69
<b>Total Instruction</b>	<b>8,504,079.88</b>	<b>(54,000.00)</b>	<b>8,450,079.88</b>	<b>8,289,899.77</b>	<b>160,180.11</b>
<b>Undistributed Expenditures - Instruction:</b>					
Tuition - Other LEAs Within State - Regular	-	9,700.00	9,700.00	6,382.74	3,317.26
Tuition - Other LEAs Within State - Special	57,265.00	(32,557.29)	24,707.71	21,023.97	3,683.74
Tuition to CSSD & Regional Day Schools	-	70,744.00	70,744.00	50,159.95	20,584.05
Tuition to Private Schools for the Hand. - Within State	298,713.00	(47,886.71)	250,826.29	235,591.78	15,234.51
Tuition - Other	-	-	-	-	-
<b>Total Undistributed Expenditures - Instruction</b>	<b>355,978.00</b>	<b>-</b>	<b>355,978.00</b>	<b>313,158.44</b>	<b>42,819.56</b>
<b>Undistributed Expenditures - Health Services:</b>					
Salaries	186,000.00	14,945.00	200,945.00	200,268.81	676.19
Purchased Professional and Technical Services	9,355.00	(945.00)	8,410.00	8,395.12	14.88
Supplies and Materials	6,000.00	1,000.00	7,000.00	6,922.03	77.97
<b>Total Undistributed Expenditures - Health Services</b>	<b>201,355.00</b>	<b>15,000.00</b>	<b>216,355.00</b>	<b>215,585.96</b>	<b>769.04</b>
<b>Undistributed Expenditures - Other Support Services - Students - Related Services:</b>					
Salaries	297,500.00	-	297,500.00	295,880.07	1,619.93
Purchased Professional - Educational Services	172,413.00	-	172,413.00	157,872.50	14,540.50
Supplies and Materials	5,000.00	-	5,000.00	4,110.77	889.23
<b>Total Undistributed Expenditures - Other Support Services - Students - Related Services</b>	<b>474,913.00</b>	<b>-</b>	<b>474,913.00</b>	<b>457,863.34</b>	<b>17,049.66</b>
<b>Undistributed Expenditures - Other Support Services - Students - Regular:</b>					
Salaries of Other Professional Staff	185,000.00	(235.00)	184,765.00	183,772.72	992.28
Purchased Professional - Educational Services	298.00	149.00	447.00	447.00	-
Supplies and Materials	1,050.00	86.00	1,136.00	1,135.82	0.18
Other Objects	-	-	-	-	-
<b>Total Undistributed Expenditures - Other Support Services - Students - Regular</b>	<b>186,348.00</b>	<b>-</b>	<b>186,348.00</b>	<b>185,355.54</b>	<b>992.46</b>

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, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
<b>Current Expense (Cont'd):</b>					
Undistributed Expenditures - Other Support Services -					
Students - Special:					
Salaries of Other Professional Staff	\$ 228,000.00	\$ (68,418.00)	\$ 159,582.00	\$ 150,406.40	\$ 9,175.60
Salaries of Secretarial and Clerical Assistants	36,791.00	-	36,791.00	36,790.08	0.92
Other Salaries	5,000.00	2,272.00	7,272.00	5,327.27	1,944.73
Purchased Professional - Educational Services	21,445.00	8,701.00	30,146.00	26,392.30	3,753.70
Miscellaneous Purchased Services	4,000.00	2,674.00	6,674.00	6,650.38	23.62
Supplies and Materials	3,600.00	(50.00)	3,550.00	175.80	3,374.20
Other Objects	-	-	-	-	-
<b>Total Undistributed Expenditures - Other Support Services -   Students - Special</b>	<b>298,836.00</b>	<b>(54,821.00)</b>	<b>244,015.00</b>	<b>225,742.23</b>	<b>18,272.77</b>
Undistributed Expend. - Imp. of Instruction Services:					
Salaries of Supervisors of Instruction	203,164.00	4,000.00	207,164.00	206,538.08	625.92
Salaries of Secretarial and Clerical Assistants	33,050.00	-	33,050.00	33,049.92	0.08
Other Salaries	-	-	-	-	-
Purchased Professional - Educational Services	-	-	-	-	-
Other Purchased Services	900.00	(200.00)	700.00	178.00	522.00
Supplies and Materials	2,550.00	-	2,550.00	1,316.75	1,233.25
Miscellaneous Expenditures	2,000.00	200.00	2,200.00	2,053.00	147.00
<b>Total Undistributed Expenditures - Improv. of Instr. Services</b>	<b>241,664.00</b>	<b>4,000.00</b>	<b>245,664.00</b>	<b>243,135.75</b>	<b>2,528.25</b>
Undistributed Expenditures - Educational Media/Library:					
Purchased Professional - Educational Services	500.00	900.00	1,400.00	1,400.00	-
Supplies and Materials	19,000.00	(900.00)	18,100.00	16,986.74	1,113.26
<b>Total Undistributed Expend. - Educational Media/Library</b>	<b>19,500.00</b>	<b>-</b>	<b>19,500.00</b>	<b>18,386.74</b>	<b>1,113.26</b>
Undistributed Expenditures - Instructional Staff Training					
Salaries of Other Professional Staff	30,000.00	(3,200.00)	26,800.00	15,835.56	10,964.44
Purchased Professional - Educational Services	5,000.00	3,200.00	8,200.00	8,171.25	28.75
Other Purchased Services	7,200.00	-	7,200.00	4,314.90	2,885.10
<b>Total Undistributed Expend. - Instructional Staff Training</b>	<b>42,200.00</b>	<b>-</b>	<b>42,200.00</b>	<b>28,321.71</b>	<b>13,878.29</b>
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	197,231.00	(74,300.00)	122,931.00	122,906.17	24.83
Legal Services	46,500.00	13,000.00	59,500.00	59,084.73	415.27
Audit Fees	15,925.00	-	15,925.00	15,900.00	25.00
Architect/Engineer Services	7,000.00	(4,000.00)	3,000.00	1,107.50	1,892.50
Other Purchased Professional Services	28,080.00	20,300.00	48,380.00	48,315.00	65.00
Communications/Telephone	40,675.00	3,900.00	44,575.00	44,230.37	344.63
BOE Other Purchased Services	2,700.00	(2,200.00)	500.00	500.00	-
Other Purchased Services	12,225.00	-	12,225.00	11,941.09	283.91
Supplies and Materials	6,200.00	(3,900.00)	2,300.00	2,215.39	84.61
Miscellaneous Expenditures	11,400.00	(2,800.00)	8,600.00	7,849.92	750.08
Judgements	-	85,000.00	85,000.00	-	85,000.00
BOE Membership Dues and Fees	8,000.00	-	8,000.00	6,759.39	1,240.61
<b>Total Undistributed Expend. - Support Services - Gen. Admin.</b>	<b>375,936.00</b>	<b>35,000.00</b>	<b>410,936.00</b>	<b>320,809.56</b>	<b>90,126.44</b>
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals	434,169.00	9,820.00	443,989.00	427,198.27	16,790.73
Salaries of Secretarial and Clerical Assistants	142,938.00	1,900.00	144,838.00	120,024.91	24,813.09
Purchased Professional and Technical Services	12,100.00	53,000.00	65,100.00	8,519.42	56,580.58
Other Purchased Services	8,500.00	-	8,500.00	7,995.45	504.55
Supplies and Materials	9,830.00	-	9,830.00	8,554.94	1,275.06
Miscellaneous Expenditures	21,885.00	(1,900.00)	19,985.00	16,856.40	3,128.60
<b>Total Undistributed Expend. - Support Serv. - School Admin.</b>	<b>629,422.00</b>	<b>62,820.00</b>	<b>692,242.00</b>	<b>589,149.39</b>	<b>103,092.61</b>

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, 2015**

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to <u>Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
<b>Current Expense (Cont'd):</b>					
Undistributed Expend. - Central Services:					
Salaries	\$ 270,121.00	\$ 1,382.00	\$ 271,503.00	\$ 271,499.96	\$ 3.04
Purchased Professional Services	24,400.00	(3,930.00)	20,470.00	19,997.74	472.26
Other Purchased Services	3,400.00	4,500.00	7,900.00	3,769.13	4,130.87
Supplies and Materials	6,000.00	(452.00)	5,548.00	4,060.58	1,487.42
Interest on Lease Purchase Agreements	4,275.00	-	4,275.00	4,271.41	3.59
Miscellaneous Expenditures	5,500.00	(500.00)	5,000.00	4,025.03	974.97
<b>Total Undistributed Expend. - Central Services</b>	<b>313,696.00</b>	<b>1,000.00</b>	<b>314,696.00</b>	<b>307,623.85</b>	<b>7,072.15</b>
Undistributed Expend. - Administrative Information Technology:					
Salaries	114,000.00	(345.00)	113,655.00	113,654.16	0.84
Purchased Professional and Technical Services	4,000.00	860.00	4,860.00	4,860.00	-
Other Purchased Services	65,104.00	45,600.00	110,704.00	110,627.50	76.50
Supplies and Materials	60,756.00	4,885.00	65,641.00	61,100.09	4,540.91
<b>Total Undistributed Expend. - Admin. Info. Technology</b>	<b>243,860.00</b>	<b>51,000.00</b>	<b>294,860.00</b>	<b>290,241.75</b>	<b>4,618.25</b>
Undistributed Expenditures - Allowable Maintenance of Plant Services:					
Cleaning, Repair and Maintenance Services	188,586.34	33,400.00	221,986.34	221,109.70	876.64
General Supplies	45,000.00	(19,500.00)	25,500.00	25,456.15	43.85
<b>Total Undistributed Expenditures - Allowable Maint. of Plant Services</b>	<b>233,586.34</b>	<b>13,900.00</b>	<b>247,486.34</b>	<b>246,565.85</b>	<b>920.49</b>
Undistributed Expenditures - Other Operation and Maint. of Plant Services:					
Salaries	518,000.00	(11,499.00)	506,501.00	506,490.12	10.88
Salaries of Non-Instructional Aides	177,500.00	(4,000.00)	173,500.00	172,304.62	1,195.38
Cleaning, Repair and Maintenance Services	10,000.00	(8,000.00)	2,000.00	2,000.00	-
Other Purchased Property Services	35,411.20	(250.00)	35,161.20	32,137.79	3,023.41
Insurance	78,000.00	9,440.00	87,440.00	87,420.73	19.27
Miscellaneous Purchased Services	8,200.00	(2,650.00)	5,550.00	5,528.00	22.00
General Supplies	70,000.00	(10,000.00)	60,000.00	58,798.50	1,201.50
Natural Gas	120,000.00	10,000.00	130,000.00	124,892.36	5,107.64
Electricity	365,000.00	(13,600.00)	351,400.00	351,242.81	157.19
Other Objects	2,500.00	500.00	3,000.00	2,635.00	365.00
<b>Total Undistributed Expenditures - Other Operation and Maint. of Plant Services</b>	<b>1,384,611.20</b>	<b>(30,059.00)</b>	<b>1,354,552.20</b>	<b>1,343,449.93</b>	<b>11,102.27</b>
Undistributed Expenditures - Care & Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	53,000.00	7,003.00	60,003.00	60,002.50	0.50
Undistributed Expenditures - Security					
Cleaning, Repair and Maintenance Services	18,300.00	-	18,300.00	16,557.80	1,742.20
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	135,000.00	(11,966.00)	123,034.00	123,027.63	6.37
Salaries for Pupil Transportation (Between Home and School) - Regular	572,700.00	24,466.00	597,166.00	596,671.94	494.06
Salaries for Pupil Transportation (Between Home and School) - Special	125,000.00	11,535.00	136,535.00	136,463.87	71.13
Other Professional and Technical Services	7,000.00	(500.00)	6,500.00	5,007.06	1,492.94
Cleaning, Repair and Maintenance Services	100,000.00	-	100,000.00	96,588.06	3,411.94
Aid In Lieu of Transportation	55,000.00	-	55,000.00	53,687.42	1,312.58
Contracted Serv. - (Between Home and School) - Joint Agreements	45,000.00	(7,500.00)	37,500.00	37,280.80	219.20
Contracted Serv. - (Sp. Ed. Students) - ESCs & CTSAs	-	37,365.00	37,365.00	35,977.98	1,387.02
Miscellaneous Purchased Services - Transportation	34,300.00	-	34,300.00	33,629.70	670.30
Supplies and Materials	216,500.00	(22,600.00)	193,900.00	191,036.87	2,863.13
Miscellaneous Expenditures	3,800.00	(800.00)	3,000.00	2,945.00	55.00
<b>Total Undistributed Expend. - Student Transportation Serv.</b>	<b>1,294,300.00</b>	<b>30,000.00</b>	<b>1,324,300.00</b>	<b>1,312,316.33</b>	<b>11,983.67</b>

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, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES (CONT'D):</b>					
<b>Current Expense (Cont'd):</b>					
Unallocated Benefits:					
Social Security Contributions	\$ 271,000.00	\$ (8,000.00)	\$ 263,000.00	\$ 259,949.03	\$ 3,050.97
Other Retirement Contributions - Regular	297,000.00	(30,000.00)	267,000.00	263,181.33	3,818.67
Unemployment Compensation	10,000.00	(4,720.00)	5,280.00	5,280.00	-
Workmen's Compensation	144,000.00	(4,725.00)	139,275.00	138,294.60	980.40
Health Benefits	2,407,500.00	(54,903.00)	2,352,597.00	2,251,773.49	100,823.51
Tuition Reimbursement	24,000.00	-	24,000.00	13,008.10	10,991.90
Other Employee Benefits	112,000.00	5.00	112,005.00	112,003.08	1.92
<b>Total Unallocated Benefits</b>	<b>3,265,500.00</b>	<b>(102,343.00)</b>	<b>3,163,157.00</b>	<b>3,043,489.63</b>	<b>119,667.37</b>
On-behalf TPAF Pension Contributions (non-budgeted)				429,079.00	(429,079.00)
On-Behalf TPAF Post Retirement Medical (non-budgeted)				681,164.00	(681,164.00)
Reimbursed TPAF Social Security Contrib. (non-budgeted)		-		595,883.45	(595,883.45)
<b>Total On-behalf Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,706,126.45</b>	<b>(1,706,126.45)</b>
<b>Total Undistributed Expenditures</b>	<b>\$ 9,633,005.54</b>	<b>\$ 32,500.00</b>	<b>\$ 9,665,505.54</b>	<b>\$ 10,923,882.75</b>	<b>\$ (1,258,377.21)</b>
<b>Total Current Expense</b>	<b>\$ 18,137,085.42</b>	<b>\$ (21,500.00)</b>	<b>\$ 18,115,585.42</b>	<b>\$ 19,213,782.52</b>	<b>\$ (1,098,197.10)</b>
<b>Capital Outlay:</b>					
Undistributed Expenditures - Student Transportation Services:					
School Buses - Special	\$ -	\$ 21,500.00	\$ 21,500.00	\$ -	\$ 21,500.00
Facilities Acquisition and Construction Services:					
Lease Purchase Principal	124,000.00		124,000.00	124,000.00	-
Other Objects	34,972.00	-	34,972.00	34,972.00	-
<b>Total Capital Outlay</b>	<b>\$ 158,972.00</b>	<b>\$ 21,500.00</b>	<b>\$ 180,472.00</b>	<b>\$ 158,972.00</b>	<b>\$ 21,500.00</b>
<b>Total Expenditures</b>	<b>\$ 18,296,057.42</b>	<b>\$ -</b>	<b>\$ 18,296,057.42</b>	<b>\$ 19,372,754.52</b>	<b>\$ (1,076,697.10)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(503,116.42)	-	(503,116.42)	264,185.07	767,301.49
Other Financing Sources (Uses):					
Capital Outlay Transferred to Capital Projects (non-budgeted)	(272,313.00)		(272,313.00)	(270,386.00)	1,927.00
Capital Reserve Transferred to Capital Projects (non-budgeted)				(219,970.00)	(219,970.00)
<b>Total Other Financing Sources (Uses)</b>	<b>(272,313.00)</b>	<b>-</b>	<b>(272,313.00)</b>	<b>(490,356.00)</b>	<b>(218,043.00)</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (775,429.42)	\$ -	\$ (775,429.42)	\$ (226,170.93)	\$ 549,258.49
<b>Fund Balances, July 1</b>	<b>1,862,014.31</b>		<b>1,862,014.31</b>	<b>1,862,014.31</b>	
<b>Fund Balances, June 30</b>	<b>\$ 1,086,584.89</b>	<b>\$ -</b>	<b>\$ 1,086,584.89</b>	<b>\$ 1,635,843.38</b>	<b>\$ 549,258.49</b>
<b>Recapitulation</b>					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 346,150.73	
Reserve for Excess Surplus				614,687.58	
Capital Reserve				439.03	
Maintenance Reserve				100,486.12	
Assigned Fund Balance:					
Year-End Encumbrances				124,625.97	
Designated for Subsequent Year's Expenditures				53,849.27	
Unassigned Fund Balance				395,604.68	
				<b>\$ 1,635,843.38</b>	
Last State Aid Payment not Recognized on a GAAP Basis				(599,266.00)	
<b>Fund Balance per Governmental Funds (GAAP)</b>				<b>\$ 1,036,577.38</b>	

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, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
State sources	\$ 57,650.00		\$ 57,650.00	\$ 41,300.01	\$ (16,349.99)
Federal sources	492,750.00		492,750.00	440,665.29	(52,084.71)
Total revenues	550,400.00	-	550,400.00	481,965.30	(68,434.70)
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	128,012.00		128,012.00	91,443.02	36,568.98
Other salaries for instruction	-		-	-	-
Purchased professional - educ. services	-		-	-	-
Purchased professional - tech. services	-		-	-	-
Tuition	289,798.79		289,798.79	289,798.79	-
General supplies	12,674.21		12,674.21	12,674.21	-
Textbooks	-		-	-	-
Total instruction	430,485.00	-	430,485.00	393,916.02	36,568.98
Support services:					
Other salaries	9,326.00		9,326.00	6,114.17	3,211.83
Personal services - employee benefits	14,370.00		14,370.00	11,346.14	3,023.86
Purchased professional - educ. services	84,772.38		84,772.38	64,922.39	19,849.99
Purchased professional and technical services	1,548.00		1,548.00	994.00	554.00
Purchased property services	-		-	-	-
Travel	-		-	-	-
Other purchased services	-		-	-	-
Supplies and materials	8,248.62		8,248.62	3,170.58	5,078.04
Other objects	-		-	-	-
Total support services	118,265.00	-	118,265.00	86,547.28	31,717.72
Facilities acquisition and construction services:					
Building	1,650.00		1,650.00	1,502.00	148.00
Instructional equipment	-		-	-	-
Noninstructional equipment	-		-	-	-
Total facilities acq. and const. services	1,650.00	-	1,650.00	1,502.00	148.00
Total expenditures	550,400.00	-	550,400.00	481,965.30	68,434.70
Total outflows	550,400.00	-	550,400.00	481,965.30	68,434.70
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**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 19,636,939.59	\$ 481,965.30
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.	586,767.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(599,266.00)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 19,624,440.59</u>	<u>\$ 481,965.30</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 19,372,754.52	\$ 481,965.30
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	<u>\$ 19,372,754.52</u>	<u>\$ 481,965.30</u>

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

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

	<u>June 30,</u> <u>2015</u>
District's proportion of the net pension liability (asset)	0.0295526762%
District's proportionate share of the net pension liability (asset)	\$ 5,533,069
District's covered-employee payroll	1,952,764
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	283.35%
Plan fiduciary net position as a percentage of the total pension liability	42.74%

This schedule does not contain ten years of information as GASB 68 was implemented during this 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 Fiscal Year**

	<u>June 30,</u> <u>2015</u>
Contractually required contribution	\$ 243,628
Contributions in relation to the contractually required contributions	<u>(243,628)</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	1,952,764
Contributions as a percentage of covered-employee payroll	12.48%

This schedule does not contain ten years of information as GASB 68 was implemented during this 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 Fiscal Year**

	June 30, 2015
District's proportion of the net pension liability (asset)	0.0787047848%
District's proportionate share of the net pension liability (asset)	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 42,065,146
Total	\$ 42,065,146
District's covered-employee payroll	8,003,650
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	33.64%

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

**Township of Harrison School District**  
**Notes to Required Supplementary Information**  
**Pension Schedules**  
**For the Fiscal Year Ended June 30, 2015**

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

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

*Changes of assumptions:* Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

**2. Public Employees' Retirement System (PERS)**

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

*Changes of assumptions.* Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

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, 2015**

	Brought Forward (Exh. E-1B)	Brought Forward (Exh. E-1C)	Brought Forward (Exh. E-1D)	Total 2015
<b>REVENUES:</b>				
State sources	\$ 41,300.01	\$ -	\$ -	\$ 41,300.01
Federal sources	-	86,133.29	354,532.00	440,665.29
<b>Total Revenues</b>	<u>41,300.01</u>	<u>86,133.29</u>	<u>354,532.00</u>	<u>481,965.30</u>
<b>EXPENDITURES:</b>				
Instruction:				
Salaries of teachers	-	62,528.02	28,915.00	91,443.02
Other salaries for instruction	-	-	-	-
Professional education services	-	-	-	-
Purchase professional and technical services	-	-	-	-
Tuition	-	-	289,798.79	289,798.79
General supplies	-	-	12,674.21	12,674.21
Textbooks	-	-	-	-
<b>Total instruction</b>	<u>-</u>	<u>62,528.02</u>	<u>331,388.00</u>	<u>393,916.02</u>
Support services:				
Other salaries	-	6,114.17	-	6,114.17
Personal services-employee benefits	-	9,134.14	2,212.00	11,346.14
Purchased prof. and educational services	41,300.01	2,690.38	20,932.00	64,922.39
Purchase professional and technical services	-	994.00	-	994.00
Purchased technical services	-	-	-	-
Purchased property services	-	-	-	-
Travel	-	-	-	-
Other purchased services (400-500)	-	-	-	-
Supplies and materials	-	3,170.58	-	3,170.58
Other objects	-	-	-	-
<b>Total support services</b>	<u>41,300.01</u>	<u>22,103.27</u>	<u>23,144.00</u>	<u>86,547.28</u>
Facilities acquisition and const. serv.:				
Building	-	1,502.00	-	1,502.00
Instructional equipment	-	-	-	-
Non-instructional equipment	-	-	-	-
<b>Total facilities acquisition and const. serv.:</b>	<u>-</u>	<u>1,502.00</u>	<u>-</u>	<u>1,502.00</u>
<b>Total Expenditures</b>	<u>41,300.01</u>	<u>86,133.29</u>	<u>354,532.00</u>	<u>481,965.30</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<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, 2015**

	<u>Chapter 192 - Auxillary Services</u>			<u>Chapter 193 - Handicapped Services</u>			Nonpublic Nursing	Nonpublic Technology	Nonpublic Textbook	Carried Forward (Exh. E-1A)
	<u>Comp. Education</u>	<u>E.S.L.</u>	<u>Transportation</u>	<u>Corrective Speech</u>	<u>Suppl. Instruction</u>	<u>Exam &amp; Classification</u>				
<b>REVENUES:</b>										
State sources	\$ 9,047.58	\$ 913.50	\$ 1,848.96	\$ 7,951.50	\$ 784.70	\$ 5,400.44	\$ 8,157.00	\$ 2,423.93	\$ 4,772.40	\$ 41,300.01
Federal sources										
<b>Total Revenues</b>	<u>9,047.58</u>	<u>913.50</u>	<u>1,848.96</u>	<u>7,951.50</u>	<u>784.70</u>	<u>5,400.44</u>	<u>8,157.00</u>	<u>2,423.93</u>	<u>4,772.40</u>	<u>41,300.01</u>
<b>EXPENDITURES:</b>										
Instruction:										
Salaries of teachers										-
Other salaries for instruction										-
Professional education services										-
Purchase professional and technical services										-
Tuition										-
General supplies										-
Textbooks										-
<b>Total instruction</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support services:										
Personal services-employee benefits										-
Purchased prof. and educational services	9,047.58	913.50	1,848.96	7,951.50	784.70	5,400.44	8,157.00	2,423.93	4,772.40	41,300.01
Purchase professional and technical services										-
Purchased technical services										-
Purchased property services										-
Travel										-
Other purchased services (400-500)										-
Supplies and materials										-
<b>Total support services</b>	<u>9,047.58</u>	<u>913.50</u>	<u>1,848.96</u>	<u>7,951.50</u>	<u>784.70</u>	<u>5,400.44</u>	<u>8,157.00</u>	<u>2,423.93</u>	<u>4,772.40</u>	<u>41,300.01</u>
Facilities acquisition and const. serv.:										
Instructional equipment										-
Non-instructional equipment										-
<b>Total facilities acquisition and const. serv.</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>9,047.58</u>	<u>913.50</u>	<u>1,848.96</u>	<u>7,951.50</u>	<u>784.70</u>	<u>5,400.44</u>	<u>8,157.00</u>	<u>2,423.93</u>	<u>4,772.40</u>	<u>41,300.01</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, 2015**

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

	Title I Current Yr.	Title I Prior Yr.	Title IIA Current Yr.	Title IIA Prior Yr.	Title III Current Yr.	Title III Prior Yr.	Totals
<b>REVENUES:</b>							
State sources							\$ -
Federal sources	\$ 37,829.05	\$ -	\$ 27,411.00	\$ -	\$ 20,893.24	\$ -	86,133.29
<b>Total Revenues</b>	<u>37,829.05</u>	<u>-</u>	<u>27,411.00</u>	<u>-</u>	<u>20,893.24</u>	<u>-</u>	<u>86,133.29</u>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Salaries of teachers	27,242.00		21,163.00		14,123.02		62,528.02
Other salaries for instruction							-
Professional education services							-
Purchase professional and technical services							-
Tuition							-
General supplies							-
Textbooks							-
<b>Total instruction</b>	<u>27,242.00</u>	<u>-</u>	<u>21,163.00</u>	<u>-</u>	<u>14,123.02</u>	<u>-</u>	<u>62,528.02</u>
<b>Support services:</b>							
Other salaries	5,580.17				534.00		6,114.17
Personal services-employee benefits	2,510.88		5,502.00		1,121.26		9,134.14
Purchased prof. and educational services			746.00		1,944.38		2,690.38
Purchase professional and technical services	994.00						994.00
Purchased technical services							-
Purchased property services							-
Travel							-
Other purchased services (400-500)							-
Supplies and materials					3,170.58		3,170.58
Other objects							-
<b>Total support services</b>	<u>9,085.05</u>	<u>-</u>	<u>6,248.00</u>	<u>-</u>	<u>6,770.22</u>	<u>-</u>	<u>22,103.27</u>
<b>Facilities acquisition and const. serv.:</b>							
Building	1,502.00						1,502.00
Instructional equipment							-
Non-instructional equipment							-
<b>Total facilities acquisition and const. serv.</b>	<u>1,502.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,502.00</u>
<b>Total Expenditures</b>	<u>37,829.05</u>	<u>-</u>	<u>27,411.00</u>	<u>-</u>	<u>20,893.24</u>	<u>-</u>	<u>86,133.29</u>
<b>Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)</b>	<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, 2015**

	IDEA				Totals
	Basic	Basic	Preschool	Preschool	
	Current Yr.	Prior Yr.	Current Yr.	Prior Yr.	
<b>REVENUES:</b>					
State sources					\$
Federal sources	\$ 301,401.00	\$ -	\$ 53,131.00	\$ -	\$ 354,532.00
<b>Total Revenues</b>	<u>301,401.00</u>	<u>-</u>	<u>53,131.00</u>	<u>-</u>	<u>354,532.00</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers			28,915.00		28,915.00
Other salaries for instruction					-
Professional education services					-
Purchase professional and technical services					-
Tuition	281,531.00		8,267.79		289,798.79
General supplies			12,674.21		12,674.21
Textbooks					-
<b>Total instruction</b>	<u>281,531.00</u>	<u>-</u>	<u>49,857.00</u>	<u>-</u>	<u>331,388.00</u>
Support services:					
Other salaries					-
Personal services-employee benefits			2,212.00		2,212.00
Purchased prof. and educational services	19,870.00		1,062.00		20,932.00
Purchase professional and technical services					-
Purchased technical services					-
Purchased property services					-
Travel					-
Other purchased services (400-500)					-
Supplies and materials					-
<b>Total support services</b>	<u>19,870.00</u>	<u>-</u>	<u>3,274.00</u>	<u>-</u>	<u>23,144.00</u>
Facilities acquisition and const. serv.:					
Instructional equipment					-
Non-instructional equipment					-
<b>Total facilities acquisition and const. serv.:</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>301,401.00</u>	<u>-</u>	<u>53,131.00</u>	<u>-</u>	<u>354,532.00</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Capital Projects Fund  
Detail Statements

**TOWNSHIP OF HARRISON SCHOOL DISTRICT**  
**Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary**  
**For the Year Ended June 30, 2015**

<b>Revenues and Other Financing Sources:</b>	
State sources - SDA grant	\$ 326,904.00
Bond proceeds and transfers	-
Contribution from private source	-
Transfer from capital reserve	219,970.00
Transfer from capital outlay	<u>270,386.00</u>
<b>Total Revenues</b>	<u><u>817,260.00</u></u>
<b>Expenditures and Other Financing Uses:</b>	
Purchased professional and technical services	-
Land and improvements	-
Construction services	663,381.50
Equipment purchases	-
<b>Total Expenditures</b>	<u><u>663,381.50</u></u>
Excess (Deficiency) of revenues over (under) expenditures	<u><u>\$ 153,878.50</u></u>

**TOWNSHIP OF HARRISON SCHOOL DISTRICT**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Harrison Township School Phone System Replacement**  
**From Inception and for the Year Ended June 30, 2015**

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Period</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
<b>Revenues and Other Financing Sources:</b>				
State sources - SDA grant	\$ -	\$ 55,089.00	\$ 55,089.00	\$ 55,089.00
Bond proceeds and transfers	-	-	-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve	-	-	-	-
Transfer from capital outlay	-	82,633.00	82,633.00	82,633.00
<b>Total Revenues</b>	<u>-</u>	<u>137,722.00</u>	<u>137,722.00</u>	<u>137,722.00</u>
<b>Expenditures and Other Financing Uses:</b>				
Purchased professional and technical services	-	-	-	-
Land and improvements	-	-	-	-
Construction services	-	114,539.90	114,539.90	114,539.90
Equipment purchases	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>114,539.90</u>	<u>114,539.90</u>	<u>114,539.90</u>
Excess (Deficiency) of revenues over (under) expenses	<u>\$ -</u>	<u>\$ 23,182.10</u>	<u>\$ 23,182.10</u>	<u>\$ 23,182.10</u>

**Additional Project Information:**

DOE Project Number	2070-050-14-1001
Grant Date/Letter of Notification	6/24/2014
Bond Authorization/Referendum Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Project Authorized Cost	\$137,722
Additional Authorized Cost	\$0
Revised Authorized Cost	\$137,722
Percentage Increase Over	
Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	11/1/2014
Revised Target Completion Date	12/3/2014

**TOWNSHIP OF HARRISON SCHOOL DISTRICT**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Harrison Township School Boiler Replacement**  
**From Inception and for the Year Ended June 30, 2015**

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Funding Sources:</b>				
State sources - SDA grant	\$ -	\$ 167,682.00	\$ 167,682.00	\$ 167,682.00
Bond proceeds and transfers	-	-	-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve	-	108,673.00	108,673.00	108,673.00
Transfer from capital outlay	-	142,851.00	142,851.00	142,851.00
Total Revenues	<u>-</u>	<u>419,206.00</u>	<u>419,206.00</u>	<u>419,206.00</u>
<b>Expenditures and Other Financing Uses:</b>				
Purchased professional and technical services	-	-	-	-
Land and improvements	-	-	-	-
Construction services	-	302,500.00	302,500.00	302,500.00
Equipment purchases	-	-	-	-
Total Expenditures	<u>-</u>	<u>302,500.00</u>	<u>302,500.00</u>	<u>302,500.00</u>
Excess (Deficiency) of revenues over (under) expenses	<u>\$ -</u>	<u>\$ 116,706.00</u>	<u>\$ 116,706.00</u>	<u>\$ 116,706.00</u>

**Additional Project Information:**

DOE Project Number	2070-050-14-1004
Grant Date/Letter of Notification	6/24/2014
Bond Authorization/Referendum Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Project Authorized Cost	\$419,206
Additional Authorized Cost	\$0
Revised Authorized Cost	\$419,206
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	11/1/2014
Actual Completion Date	12/3/2014

**TOWNSHIP OF HARRISON SCHOOL DISTRICT**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Pleasant Valley School Phone System Replacement**  
**From Inception and for the Year Ended June 30, 2015**

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Funding Sources:</b>				
State sources - SDA grant	\$ -	\$ 29,935.00	\$ 29,935.00	\$ 29,935.00
Bond proceeds and transfers	-	-	-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve	-	-	-	-
Transfer from capital outlay	-	44,902.00	44,902.00	44,902.00
Total Revenues	<u>-</u>	<u>74,837.00</u>	<u>74,837.00</u>	<u>74,837.00</u>
<b>Expenditures and Other Financing Uses:</b>				
Purchased professional and technical service	-	-	-	-
Land and improvements	-	-	-	-
Construction services	-	71,067.60	71,067.60	71,067.60
Equipment purchases	-	-	-	-
Total Expenditures	<u>-</u>	<u>71,067.60</u>	<u>71,067.60</u>	<u>71,067.60</u>
Excess (Deficiency) of revenues over (under) expenses	<u>\$ -</u>	<u>\$ 3,769.40</u>	<u>\$ 3,769.40</u>	<u>\$ 3,769.40</u>

**Additional Project Information:**

DOE Project Number	2070-080-14-1002
Grant Date/Letter of Notification	6/24/2014
Bond Authorization/Referendum Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Project Authorized Cost	\$74,837
Additional Authorized Cost	\$0
Revised Authorized Cost	\$74,837
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	11/1/2014
Actual Completion Date	12/3/2014

**TOWNSHIP OF HARRISON SCHOOL DISTRICT**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Pleasant Valley School Cooling Tower Replacement**  
**From Inception and for the Year Ended June 30, 2015**

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Funding Sources:</b>				
State sources - SDA grant	\$ -	\$ 74,198.00	\$ 74,198.00	\$ 74,198.00
Bond proceeds and transfers	-	-	-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve	-	111,297.00	111,297.00	111,297.00
Transfer from capital outlay	-	-	-	-
Total Revenues	-	185,495.00	185,495.00	185,495.00
<b>Expenditures and Other Financing Uses:</b>				
Purchased professional and technical service	-	-	-	-
Land and improvements	-	-	-	-
Construction services	-	175,274.00	175,274.00	175,274.00
Equipment purchases	-	-	-	-
Total Expenditures	-	175,274.00	175,274.00	175,274.00
Excess (Deficiency) of revenues over (under) expenses	\$ -	\$ 10,221.00	\$ 10,221.00	\$ 10,221.00

**Additional Project Information:**

Project Number	2070-080-14-1003
Grant Date/Letter of Notification	6/24/2014
Bond Authorization/Referendum Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Project Authorized Cost	\$185,495
Additional Authorized Cost	\$0
Revised Authorized Cost	\$185,495
Percentage Increase Over	
Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	4/30/2015
Actual Completion Date	5/31/2015

**TOWNSHIP OF HARRISON SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Schedule of Project Expenditures**  
**For the Fiscal Year Ended June 30, 2015**

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP</u>		<u>Unexpended Appropriations June 30, 2015</u>
			<u>Prior Years</u>	<u>Expenditures to Date Current Year</u>	
<b>Harrison Township School:</b>					
Phone System Replacement	6/24/2014	\$ 137,722.00	\$ -	\$ 114,539.90	\$ 23,182.10
Boiler Replacement	6/24/2014	419,206.00	-	302,500.00	116,706.00
<b>Pleasant Valley School:</b>					
Phone System Replacement	6/24/2014	74,837.00	-	71,067.60	3,769.40
Cooling Tower Replacement	6/24/2014	185,495.00	-	175,274.00	10,221.00
<b>Totals</b>		<u>\$ 817,260.00</u>	<u>\$ -</u>	<u>\$ 663,381.50</u>	<u>\$ 153,878.50</u>

Proprietary Funds

**TOWNSHIP OF HARRISON SCHOOL DISTRICT**  
**Enterprise Funds**  
Statement of Net Position  
as of June 30, 2015

	2015
<b>ASSETS:</b>	
Current assets:	
Cash and cash equivalents	\$ 783.57
Accounts receivable:	
State	595.74
Federal	12,021.36
Other	3,332.46
Inventories	8,517.68
Total current assets	25,250.81
Fixed assets:	
Equipment	295,528.00
Less Accumulated depreciation	(272,600.00)
Total fixed assets	22,928.00
Total assets	48,178.81
 <b>LIABILITIES</b>	
Current liabilities:	
Unearned revenue	\$ 10,505.96
Total current liabilities	10,505.96
 <b>NET POSITION</b>	
Invested in capital assets net of related debt	22,928.00
Unrestricted	14,744.85
Total net position	\$ 37,672.85

**TOWNSHIP OF HARRISON SCHOOL DISTRICT**  
**Enterprise Funds**  
Statement of Revenues, Expenses and Changes in Fund Net Position  
for the Fiscal Year ended June 30, 2015

	2015
<b>OPERATING REVENUES:</b>	
Local sources:	
Daily sales-reimbursable programs:	
School lunch program	\$ 151,502.93
Total-daily sales-reimbursable programs	151,502.93
Daily sales non-reimbursable programs:	
Adult and AlaCarte meals	108,222.87
Total operating revenue	259,725.80
<b>OPERATING EXPENSES:</b>	
Salaries	143,940.00
Benefits	9,631.19
Supplies and materials	15,008.30
Depreciation	13,374.00
Management fee	16,632.24
Direct expenses	759.79
Repairs and maintenance	16,321.56
Cost of sales	172,221.27
Total operating expenses	387,888.35
Operating income (loss)	(128,162.55)
<b>Non-operating revenues:</b>	
State sources:	
State school lunch program	3,637.86
Federal sources:	
National school lunch program	75,204.40
U.S.D.A. commodities	24,368.06
Total non-operating revenues	103,210.32
Net income (loss)	(24,952.23)
Net position - July 1	62,625.08
Net position - June 30	\$ 37,672.85

**TOWNSHIP OF HARRISON SCHOOL DISTRICT**  
**Enterprise Funds**  
Statement of Cash Flows  
for the Fiscal Year ended June 30, 2015

	2015
Cash flows from operating activities:	
Cash receipts from customers	\$ 262,812.17
Cash payments to employees for services	(153,571.19)
Cash payments to suppliers for goods and services	(189,421.79)
Net cash used by operating activities	(80,180.81)
Cash flows from noncapital financing activities:	
Cash received from state and federal reimbursements	73,678.90
Net cash provided by noncapital financing activities	73,678.90
Cash flows from capital financing activities:	
Purchases of fixed assets	(6,657.00)
Net cash used by capital financing activities	(6,657.00)
Cash flows from investing activities:	
Interest on investments	—
Net cash provided by investing activities	—
Net increase (decrease) in cash and cash equivalents	(13,158.91)
Cash and cash equivalents, July 1	13,942.48
Cash and cash equivalents, June 30	\$ 783.57
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (128,162.55)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:	
Depreciation	13,374.00
Federal commodities	24,368.06
Change in assets and liabilities:	
(Increase)/decrease in accounts receivable	(1,860.28)
(Increase)/decrease in inventory	10,485.77
Increase/(decrease) in accounts payable	—
Increase/(decrease) in deferred revenue	1,614.19
Net cash used by operating activities	\$ (80,180.81)

Fiduciary Funds

**TOWNSHIP OF HARRISON SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Combining Statement of Net Assets**  
**June 30, 2015**

	<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>	
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 64,549.90	\$ 17,188.84	\$ 85,264.95	\$ 6,627.09	\$ 173,630.78
Accounts Receivable	-	-	-	-	-
Total Assets	<u>\$ 64,549.90</u>	<u>\$ 17,188.84</u>	<u>\$ 85,264.95</u>	<u>\$ 6,627.09</u>	<u>\$ 173,630.78</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Payroll Deductions and Withholdings		\$ 17,188.84	\$ 122.28	\$ -	\$ 17,311.12
Interfund Payable		-	-	6,000.00	6,000.00
Due to Student Groups	\$ 64,549.90	-	-	-	64,549.90
Total Liabilities	<u>64,549.90</u>	<u>17,188.84</u>	<u>122.28</u>	<u>6,000.00</u>	<u>87,861.02</u>
Fund Balances:					
Unreserved	-	-	85,142.67	627.09	85,769.76
Total Fund Balances	<u>-</u>	<u>-</u>	<u>85,142.67</u>	<u>627.09</u>	<u>85,769.76</u>
Total Liabilities and Fund Balances	<u>\$ 64,549.90</u>	<u>\$ 17,188.84</u>	<u>\$ 85,264.95</u>	<u>\$ 6,627.09</u>	<u>\$ 173,630.78</u>

**TOWNSHIP OF HARRISON SCHOOL DISTRICT**  
**Fiduciary Fund**  
**Comparative Statement of Changes in Fiduciary Net Assets**  
**For the Fiscal Year Ended June 30, 2015**

	<b>Trust Funds</b>		<b>Total</b>
	<b>Unemployment Compensation Insurance</b>	<b>Flexible Spending Account</b>	
<b>REVENUES:</b>			
Local Sources:			
Board Contribution	\$ 5,280.00	\$ -	\$ 5,280.00
Interest on Investments	164.97	-	164.97
Employee Contributions	30,511.14	7,700.00	38,211.14
Total Revenues	<u>35,956.11</u>	<u>7,700.00</u>	<u>43,656.11</u>
<b>EXPENDITURES:</b>			
Current Expense:			
Undistributed Expenditures:			
Flexible Spending Account Claims		7,398.75	7,398.75
Unemployment Claims	50,342.39		50,342.39
Total Expenditures	<u>50,342.39</u>	<u>7,398.75</u>	<u>57,741.14</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(14,386.28)	301.25	(14,085.03)
Net Assets July 1	<u>99,528.95</u>	<u>325.84</u>	<u>99,854.79</u>
Net Assets June 30	<u><u>\$ 85,142.67</u></u>	<u><u>\$ 627.09</u></u>	<u><u>\$ 85,769.76</u></u>

**TOWNSHIP OF HARRISON SCHOOL DISTRICT  
 Student Activity Agency Fund  
 Schedule of Receipts and Disbursements  
 For The Fiscal Year Ended June 30, 2015**

	<u>Balance June 30, 2014</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Cash Balance June 30, 2015</u>	<u>Accounts Receivable June 30, 2015</u>	<u>Reserve Balance June 30, 2015</u>
School Fund	\$ 32,667.43	\$ 116,341.94	\$ 109,065.56	\$ 39,943.81	\$ -	\$ 39,943.81
Library Account	<u>15,612.22</u>	<u>25,646.93</u>	<u>16,653.06</u>	<u>24,606.09</u>	<u>-</u>	<u>24,606.09</u>
Total Liabilities	<u>\$ 48,279.65</u>	<u>\$ 141,988.87</u>	<u>\$ 125,718.62</u>	<u>\$ 64,549.90</u>	<u>\$ -</u>	<u>\$ 64,549.90</u>

**TOWNSHIP OF HARRISON SCHOOL DISTRICT**  
**Payroll Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For The Fiscal Year Ended June 30, 2015**

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 16,810.02	\$ 12,669,421.21	\$ 12,669,042.79	\$ 17,188.44
Total Assets	<u>\$ 16,810.02</u>	<u>\$ 12,669,421.21</u>	<u>\$ 12,669,042.79</u>	<u>\$ 17,188.44</u>
<b>LIABILITIES:</b>				
Net Payroll		\$ 7,142,619.30	\$ 7,142,619.30	
Payroll Deductions and Withholdings	\$ 16,810.02	5,526,167.23	5,525,788.81	\$ 17,188.44
Interfund Payable	-	634.68	634.68	-
Total Liabilities	<u>\$ 16,810.02</u>	<u>\$ 12,669,421.21</u>	<u>\$ 12,669,042.79</u>	<u>\$ 17,188.44</u>

## Long-Term Debt Schedules



**TOWNSHIP OF HARRISON SCHOOL DISTRICT**  
**General Long-Term Debt Account Group**  
**Statement of Obligations Under Capital Leases**  
**June 30, 2015**

<u>Purpose</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Lease</u>		<u>Interest Rate</u>	<u>Balance June 30, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2015</u>
			<u>Principal</u>	<u>Interest</u>					
Various Equipment	7/10/13	4 Years	\$ 319,000.00	\$ 9,493.51	3.50%	\$ 319,000.00	\$ -	\$ 124,000.00	\$ 195,000.00
						<u>\$ 319,000.00</u>	<u>\$ -</u>	<u>\$ 124,000.00</u>	<u>\$ 195,000.00</u>

**TOWNSHIP OF HARRISON SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**Fiscal Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 676,615.00	\$ -	\$ 676,615.00	\$ 676,615.00	\$ -
State Sources:					
Debt Service Aid Type II	<u>325,773.00</u>	<u>-</u>	<u>325,773.00</u>	<u>325,773.00</u>	<u>-</u>
<b>Total Revenues</b>	<b><u>1,002,388.00</u></b>	<b><u>-</u></b>	<b><u>1,002,388.00</u></b>	<b><u>1,002,388.00</u></b>	<b><u>-</u></b>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	287,388.00		287,388.00	287,387.50	\$ 0.50
Redemption of Principal	<u>715,000.00</u>		<u>715,000.00</u>	<u>715,000.00</u>	<u>-</u>
Total Regular Debt Service	<u>1,002,388.00</u>	<u>-</u>	<u>1,002,388.00</u>	<u>1,002,387.50</u>	<u>0.50</u>
<b>Total Expenditures</b>	<b><u>1,002,388.00</u></b>	<b><u>-</u></b>	<b><u>1,002,388.00</u></b>	<b><u>1,002,387.50</u></b>	<b><u>0.50</u></b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	0.50	0.50
Other Financing Sources:					
None					-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	0.50	0.50
Fund Balances, July 1	<u>0.25</u>	<u>-</u>	<u>0.25</u>	<u>0.50</u>	
Fund Balances, June 30	<u>\$ 0.25</u>	<u>\$ -</u>	<u>\$ 0.25</u>	<u>\$ 1.00</u>	<u>\$ 0.50</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Statistical Section**

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

	<b>Fiscal Year Ending June 30.</b>									
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 5,273,224	\$ 5,209,468	\$ 5,749,570	\$ 5,912,879	\$ 6,547,527	\$ 6,973,441	\$ 7,664,319	\$ 8,125,309	\$ 8,420,527	\$ 9,080,503
Restricted	590,270	792,949	829,718	1,240,010	780,642	912,041	1,225,768	1,203,904	1,442,289	1,394,118
Unrestricted	26,159	42,828	9,768	(293,086)	(471,105)	(453,645)	(467,715)	(569,957)	(648,123)	(6,275,928)
<b>Total governmental activities net assets</b>	<b>\$ 5,889,653</b>	<b>\$ 6,045,245</b>	<b>\$ 6,589,056</b>	<b>\$ 6,859,803</b>	<b>\$ 6,857,064</b>	<b>\$ 7,431,837</b>	<b>\$ 8,422,372</b>	<b>\$ 8,759,256</b>	<b>\$ 9,214,693</b>	<b>\$ 4,198,693</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 146,469	\$ 128,206	\$ 109,943	\$ 91,680	\$ 77,817	\$ 66,774	\$ 53,731	\$ 41,688	\$ 29,645	\$ 22,928
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	33,062	20,398	17,718	17,929	40,610	39,769	33,936	32,756	32,980	14,745
<b>Total business-type activities net assets</b>	<b>\$ 179,531</b>	<b>\$ 148,604</b>	<b>\$ 127,661</b>	<b>\$ 109,609</b>	<b>\$ 118,427</b>	<b>\$ 106,543</b>	<b>\$ 87,667</b>	<b>\$ 74,444</b>	<b>\$ 62,625</b>	<b>\$ 37,673</b>
<b>District-wide</b>										
Invested in capital assets, net of related debt	\$ 5,419,693	\$ 5,337,674	\$ 5,859,513	\$ 6,004,559	\$ 6,625,344	\$ 7,039,215	\$ 7,610,588	\$ 8,166,997	\$ 8,450,172	\$ 9,103,431
Restricted	590,270	792,949	829,718	1,240,010	780,642	912,041	1,225,768	1,203,904	1,442,289	1,394,118
Unrestricted	59,221	63,226	27,486	(275,157)	(430,495)	(413,876)	(501,651)	(537,201)	(615,143)	(6,261,183)
<b>Total district net assets</b>	<b>\$ 6,069,184</b>	<b>\$ 6,193,849</b>	<b>\$ 6,716,717</b>	<b>\$ 6,969,412</b>	<b>\$ 6,975,491</b>	<b>\$ 7,537,380</b>	<b>\$ 8,334,705</b>	<b>\$ 8,833,700</b>	<b>\$ 9,277,318</b>	<b>\$ 4,236,366</b>

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,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
<b>Governmental activities</b>										
Instruction	\$ 6,977,730	\$ 7,432,735	\$ 8,022,009	\$ 8,640,298	\$ 8,804,095	\$ 8,763,531	\$ 8,800,012	\$ 8,995,888	\$ 8,825,503	\$ 9,051,338
Tuition	284,367	722,249	489,501	319,971	393,437	171,604	344,528	791,656	838,439	602,957
Related Services	1,027,805	1,206,787	1,267,723	1,401,257	1,476,008	1,449,200	1,470,419	1,249,386	1,445,071	1,443,478
Administrative Services	760,262	860,390	855,800	994,334	976,686	967,606	1,009,579	1,005,260	1,029,728	995,175
Central Services	392,856	386,991	427,266	436,478	536,243	465,712	542,095	502,429	500,940	597,866
Operations and Maintenance	1,670,748	1,656,941	1,455,836	1,849,626	1,634,741	1,925,158	1,721,179	1,532,140	1,840,416	1,821,400
Transportation	1,036,323	1,034,649	1,073,179	1,207,806	1,194,427	1,240,324	1,245,599	1,269,498	1,295,279	1,312,316
Interest on long-term debt	56,103	610,189	534,605	500,679	464,867	422,769	389,431	388,582	303,635	278,452
Unallocated Employee Benefits	2,653,759	3,381,858	3,491,204	3,431,018	3,739,237	3,725,178	4,038,267	4,559,061	4,409,465	4,775,979
Other	59,733	95,231	82,588	83,866	42,080	45,071	58,645	40,797	41,507	42,607
<b>Total governmental activities expenses</b>	<b>14,919,686</b>	<b>17,388,020</b>	<b>17,699,711</b>	<b>18,865,333</b>	<b>19,261,821</b>	<b>19,176,153</b>	<b>19,619,754</b>	<b>20,334,697</b>	<b>20,529,983</b>	<b>20,921,568</b>
<b>Business-type activities:</b>										
Food service	350,556	365,511	378,658	388,163	397,958	401,642	402,396	385,360	384,256	387,888
<b>Total business-type activities expense</b>	<b>350,556</b>	<b>365,511</b>	<b>378,658</b>	<b>388,163</b>	<b>397,958</b>	<b>401,642</b>	<b>402,396</b>	<b>385,360</b>	<b>384,256</b>	<b>387,888</b>
<b>Total district expenses</b>	<b>\$ 15,270,242</b>	<b>\$ 17,753,531</b>	<b>\$ 18,078,369</b>	<b>\$ 19,253,496</b>	<b>\$ 19,659,779</b>	<b>\$ 19,577,795</b>	<b>\$ 20,022,150</b>	<b>\$ 20,720,057</b>	<b>\$ 20,914,239</b>	<b>\$ 21,309,456</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
Tuition	\$ 117,548	\$ 177,299	\$ 145,859	\$ 169,808	\$ 135,969	\$ 180,662	\$ 273,106	\$ 294,094	\$ 293,151	\$ 230,216
<b>General Revenues:</b>										
Property Taxes	9,085,043	10,023,398	10,664,312	10,850,177	10,882,910	11,444,280	11,404,387	11,510,685	11,849,143	12,025,743
Unrestricted State Aid	5,540,487	4,950,538	5,055,883	5,737,796	5,736,719	5,634,896	6,165,435	6,255,971	6,783,692	6,535,903
Other Revenues	169,675	35,851	149,837	139,000	209,119	205,577	240,113	103,308	107,260	130,241
Operating grants and contributions	-	2,197,874	2,227,631	2,139,299	2,294,364	2,285,511	2,439,581	2,696,023	1,952,174	2,513,865
Capital grants and contributions	-	158,651	-	-	-	-	-	-	-	-
<b>Total governmental activities program revenues</b>	<b>14,912,753</b>	<b>17,543,611</b>	<b>18,243,522</b>	<b>19,036,080</b>	<b>19,259,081</b>	<b>19,750,926</b>	<b>20,522,622</b>	<b>20,860,081</b>	<b>20,985,420</b>	<b>21,435,968</b>
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Food service	258,996	270,173	283,102	296,497	309,082	305,584	285,755	269,958	277,153	259,726
Operating grants and contributions	66,460	64,412	74,613	70,614	97,694	83,174	98,765	102,179	95,284	103,210
Other	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
<b>Total business type activities program revenues</b>	<b>325,456</b>	<b>334,585</b>	<b>357,715</b>	<b>367,111</b>	<b>406,776</b>	<b>388,758</b>	<b>384,520</b>	<b>372,137</b>	<b>372,437</b>	<b>362,936</b>
<b>Total district program revenues</b>	<b>\$ 15,238,209</b>	<b>\$ 17,878,196</b>	<b>\$ 18,601,237</b>	<b>\$ 19,403,191</b>	<b>\$ 19,665,857</b>	<b>\$ 20,139,684</b>	<b>\$ 20,907,142</b>	<b>\$ 21,232,218</b>	<b>\$ 21,357,857</b>	<b>\$ 21,798,904</b>
<b>Net (Expense)/Revenue and Change in Net Assets</b>										
Governmental activities	\$ (6,933)	\$ 155,591	\$ 543,811	\$ 270,747	\$ (2,740)	\$ 574,773	\$ 902,868	\$ 525,384	\$ 455,437	\$ 514,400
Business-type activities	(25,100)	(30,926)	(20,943)	(21,052)	8,818	(12,884)	(17,876)	(13,223)	(11,819)	(24,952)
<b>Total district-wide net expense</b>	<b>\$ (32,033)</b>	<b>\$ 124,665</b>	<b>\$ 522,868</b>	<b>\$ 249,695</b>	<b>\$ 6,078</b>	<b>\$ 561,889</b>	<b>\$ 884,992</b>	<b>\$ 512,161</b>	<b>\$ 443,618</b>	<b>\$ 489,448</b>

Source: District Records

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 582,242	\$ 952,197	\$ 974,272	\$ 1,406,882	\$ 935,303	\$ 1,053,546	\$ 1,225,766	\$ 1,203,904	\$ 1,442,288	\$ 1,240,238
Unreserved	347,114	139,791	143,198	(91,145)	(251,146)	(183,381)	(106,835)	(138,903)	(167,041)	(203,661)
Total General Fund	<u>\$ 929,356</u>	<u>\$ 1,091,988</u>	<u>\$ 1,117,470</u>	<u>\$ 1,315,737</u>	<u>\$ 684,157</u>	<u>\$ 870,165</u>	<u>\$ 1,118,931</u>	<u>\$ 1,065,001</u>	<u>\$ 1,275,247</u>	<u>\$ 1,036,577</u>
All Other Governmental Funds										
Reserved	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	-									
Capital projects fund	-									153,879
Debt service fund	1	35,089	35,089			1	1			1
Permanent fund	-									
Total all other governmental funds	<u>\$ 1</u>	<u>\$ 35,090</u>	<u>\$ 35,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,880</u>

Source: District Records

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Tax levy	\$ 9,085,043	\$ 10,023,398	\$ 10,664,312	\$ 10,850,177	\$ 10,882,910	\$ 11,444,280	\$ 11,404,387	\$ 11,510,685	\$ 11,849,143	\$ 12,025,743
Tuition charges	117,548	177,300	145,859	169,808	135,969	180,662	273,106	294,094	293,151	230,216
Transportation fees	61,619	35,851	23,070	52,670	119,895	120,865	151,000	67,125	61,175	82,369
Interest earnings	86,754	126,800	84,478	46,326	44,202	24,850	20,776	7,434	4,768	4,515
Miscellaneous	20,551	31,851	42,290	40,004	45,021	59,862	68,336	28,749	41,317	43,357
State sources	6,252,913	6,726,351	6,895,499	7,580,311	6,636,896	7,343,948	7,862,333	8,518,751	8,298,167	8,608,833
Federal sources	363,595	422,061	388,014	396,784	1,394,188	576,460	762,469	433,243	437,699	440,665
<b>Total revenue</b>	<b>15,988,023</b>	<b>17,543,612</b>	<b>18,243,522</b>	<b>19,136,080</b>	<b>19,259,081</b>	<b>19,750,927</b>	<b>20,542,407</b>	<b>20,860,081</b>	<b>20,985,420</b>	<b>21,435,698</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	4,735,314	4,817,992	5,361,821	5,599,845	5,833,265	5,377,721	5,495,392	5,718,012	5,660,663	5,998,949
Special education instruction	1,407,460	1,508,130	1,525,215	1,692,263	1,569,759	1,656,239	1,693,231	1,721,568	1,694,663	1,563,668
Other special instruction	371,014	378,411	549,973	711,461	811,964	808,528	1,026,813	985,162	821,389	837,514
<b>Support Services:</b>										
Tuition	543,462	722,249	489,501	319,971	393,437	461,648	625,035	791,656	838,439	602,957
Student & instruction related services	1,027,806	1,206,786	1,267,723	1,401,256	1,476,008	1,449,200	1,261,394	1,249,386	1,445,071	1,443,478
General administrative services	277,936	320,383	332,500	364,463	352,781	324,479	349,348	329,821	355,214	320,810
School Administrative services	393,340	430,573	439,151	542,926	539,747	552,984	575,745	593,847	591,500	589,149
Business administrative services	392,856	386,991	427,266	436,479	536,244	465,712	542,095	502,429	500,940	597,866
Plant operations and maintenance	1,393,024	1,500,825	1,539,208	1,701,309	1,658,805	1,762,844	1,655,427	1,512,779	1,675,540	1,666,576
Pupil transportation	1,036,323	1,034,649	1,073,179	1,055,887	1,194,427	1,240,324	1,245,599	1,269,498	1,295,279	1,312,316
Unallocated employee benefits	2,687,755	3,286,628	3,491,204	3,431,018	3,739,237	3,725,178	4,029,012	4,559,061	4,409,465	4,760,962
Capital outlay	663,895	428,724	210,000	707,174	327,909	269,070	326,730	217,684	369,722	823,856
<b>Debt service:</b>										
Principal	880,000	1,005,000	962,000	960,000	980,000	1,030,000	1,045,000	1,100,000	1,115,000	715,000
Interest and other charges	659,084	634,490	549,300	513,350	477,078	440,991	403,035	363,110	321,289	287,388
<b>Total expenditures</b>	<b>16,469,269</b>	<b>17,661,831</b>	<b>18,218,041</b>	<b>19,437,402</b>	<b>19,890,661</b>	<b>19,564,918</b>	<b>20,273,856</b>	<b>20,914,013</b>	<b>21,094,174</b>	<b>21,520,489</b>
Excess (Deficiency) of revenues over (under) expenditures	(481,246)	(118,219)	25,481	(301,322)	(631,580)	186,009	268,551	(53,932)	(108,754)	(84,791)
<b>Other Financing sources (uses)</b>										
Capital leases (non-budgeted)	370,000	200,000	-	464,500	464,500	-	-	-	319,000	-
Proceeds of Refunding Bonds	-	8,438,370	-	-	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	(8,322,430)	-	-	-	-	-	-	-	-
Transfers in	751	94	-	-	-	-	-	-	-	490,356
Transfers out	(751)	(94)	-	-	-	-	-	-	-	(490,356)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>315,940</b>	<b>-</b>	<b>464,500</b>	<b>464,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>319,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (481,246)</b>	<b>\$ 197,721</b>	<b>\$ 25,481</b>	<b>\$ 163,178</b>	<b>\$ (167,080)</b>	<b>\$ 186,009</b>	<b>\$ 268,551</b>	<b>\$ (53,932)</b>	<b>\$ 210,246</b>	<b>\$ (84,791)</b>
Debt service as a percentage of noncapital expenditures	9.7%	9.5%	8.4%	7.9%	7.4%	7.6%	7.3%	7.1%	6.9%	4.8%

**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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Tuition Refunds					\$ 3,594	\$ 989		\$ 3,888	\$ 1,418	
Insurance Refunds	\$ 15,148	\$ 1,080								
Interest on Investments	4,278	4,080	6,624	18,487	22,211	40,608	46,280	84,368	126,569	\$ 86,651
Sale of Equipment	50	3,963	382	2,887	1,020					40
Use of Facilities - Rentals	17,304	12,684	13,569	13,793	16,187	16,528	19,295	22,311	17,718	12,949
FEMA Snow Reimbursement					16,224					
Prior Year Refunds	10,214	15,034	11,177	33,555	11,209	24,395	4,100	870	7,324	6,481
Photocopies		121				254	81		25	
Elections									200	
Soda Machine	503	488	470	608	619	507	740	1,158	904	1,046
Cancellation of Old Outstanding Checks	27	4,965	89		2,876	54		2,147	339	
Forfeited FSA Funds	31									
Sale of Used Textbooks		2,982								
Lost/Damaged Book Fines	80		84						16	36
	<u>\$ 47,635</u>	<u>\$ 45,397</u>	<u>\$ 32,395</u>	<u>\$ 69,330</u>	<u>\$ 73,940</u>	<u>\$ 83,335</u>	<u>\$ 70,496</u>	<u>\$ 114,742</u>	<u>\$ 154,513</u>	<u>\$ 107,203</u>

Source: District Records

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

Year Ended Dec. 31.	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2006	\$34,589,800	\$606,152,600	\$20,890,700	\$3,306,300	\$36,465,600	\$0	\$4,531,500	\$705,936,500	\$0	\$2,540,406	\$708,476,906	1.415	\$1,134,787,600
2007	31,226,000	664,202,700	19,726,300	3,193,000	40,081,600	0	4,531,500	762,961,100	0	2,350,519	765,311,619	1.394	1,376,957,601
2008	27,451,400	706,145,500	19,247,600	3,046,700	41,229,100	0	4,531,500	801,651,800	0	2,338,529	803,990,329	1.349	1,509,866,503
2009	27,824,900	728,280,000	18,219,200	2,152,600	42,036,700	0	4,531,500	823,044,900	0	2,362,052	825,406,952	1.318	1,541,193,020
2010 <sup>c</sup>	36,974,600	1,147,615,700	32,252,500	2,054,900	92,451,900	0	7,297,300	1,318,646,900	0	4,538,574	1,323,185,474	0.865	1,514,985,628
2011	32,150,900	1,162,559,600	32,733,200	2,866,800	84,819,400	0	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	0	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	0	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	0	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	1,455,719,021

This schedule does not contain ten years of information as GASB #44 was implemented during fiscal year ending June 30, 2006.

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

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

Fiscal Year Ended June 30,	Harrison Township Board of Education			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct	Clearview Regional School	Gloucester County	Fire District	Harrison Township	
2006	\$ 1.258	\$ 0.146	\$ 1.404	\$ 1.016	\$ 1.016	\$ 0.136	\$ 0.326	\$ 3.898
2007	1.274	0.120	1.394	1.036	1.068	0.149	0.359	4.006
2008	1.241	0.108	1.349	1.032	1.113	0.150	0.381	4.025
2009	1.213	0.105	1.318	1.030	1.102	0.150	0.393	3.993
2010 <sup>c</sup>	0.787	0.078	0.865	0.642	0.675	0.097	0.332	2.611
2011	0.788	0.072	0.860	0.646	0.629	0.098	0.347	2.580
2012	0.787	0.072	0.859	0.644	0.627	0.097	0.407	2.634
2013	0.807	0.070	0.877	0.668	0.661	0.097	0.425	2.728
2014	0.829	0.049	0.878	0.679	0.676	0.083	0.471	2.787
2015	0.845	0.048	0.893	0.696	0.730	0.082	0.504	2.905

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.

<sup>c</sup> Revaluation in 2010

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

Taxpayer	2006		2015 c	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Mullica Hill Plaza Associates	\$ 8,786,600	1.24%		
Mullica West LTD	4,095,000	0.57%	\$ 6,224,000	0.44%
Mantec Associates	3,105,200	0.43%	5,884,000	0.42%
Bell Atlantic Property	2,540,400	0.35%		
Mullica Hill Self-Storage	1,640,000	0.23%		
Orleans at Harrison, LLC	1,442,400	0.20%		
Wheatley Meadows Associates, LLC	1,271,000	0.17%		
KDM Developers, Inc.	1,071,500	0.15%		
Bella Vista Associates, LLC	1,018,400	0.14%		
Mullica Assoc.C/O EPROPERTYTAX, Inc.	990,400	0.13%		
AEW SCT Mullica Hill, LLC	-		14,000,000	1.00%
Madison/Canuso c/o Lisa Tsui			8,170,000	0.58%
Storage Quest, NJ LP	-		4,575,000	0.33%
Beazer Homes Corp			4,222,800	0.30%
Inspira Medical Ctrs Attn: Accts Pay	# -		4,200,000	0.30%
Woodland Four, LLC			4,017,600	0.29%
Inspira Medical Center Woodbury, Inc.	# -		3,969,600	0.28%
Mullica Hill Commons, LLC	-		3,200,000	0.23%
<b>Total</b>	<b>\$ 25,960,900</b>	<b>3.61%</b>	<b>\$ 58,463,000</b>	<b>4.17%</b>

c = Revaluation in 2010

Source: County Tax Assessor

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

<b>Fiscal Year Ended June 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>
		<b>Amount</b>	<b>Percentage of Levy</b>	
2006	\$ 9,085,043	\$ 9,085,043	100.00%	-
2007	10,023,398	10,023,398	100.00%	-
2008	10,664,312	10,664,312	100.00%	-
2009	10,850,177	10,850,177	100.00%	-
2010	10,882,910	10,882,910	100.00%	-
2011	11,444,280	11,444,280	100.00%	-
2012	11,404,387	11,404,387	100.00%	-
2013	11,510,685	11,510,685	100.00%	-
2014	11,849,143	11,849,143	100.00%	-
2015	12,025,743	12,025,743	100.00%	-

**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 <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2006	\$ 15,005,000	-	\$ 926,421	-	-	\$ 15,931,421	3.60%	1,349
2007	14,202,000	-	657,286	-	-	14,859,286	3.13%	1,216
2008	13,240,000	-	579,925	-	-	13,819,925	2.74%	1,113
2009	12,280,000	-	757,209	-	-	13,037,209	2.54%	1,036
2010	11,300,000	-	479,500	-	-	11,779,500	2.29%	947
2011	10,270,000	-	289,500	-	-	10,559,500	1.94%	844
2012	9,225,000	-	145,500	-	-	9,370,500	1.66%	745
2013	8,125,000	-	-	-	-	8,125,000	1.42%	640
2014	7,010,000	-	319,000	-	-	7,329,000	<b>b</b>	572
2015	6,295,000	-	195,000	-	-	6,490,000	<b>b</b>	<b>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**

<u>General Bonded Debt Outstanding</u>					
<b>Fiscal Year Ended June 30,</b>	<b>General Obligation Bonds</b>	<b>Deductions</b>	<b>Net General Bonded Debt Outstanding</b>	<b>Percentage of Actual Taxable Value <sup>a</sup> of Property</b>	<b>Per Capita</b>
2006	\$ 15,005,000	\$ -	\$ 15,005,000	2.12%	\$ 1,270
2007	14,202,000	-	14,202,000	1.86%	1,162
2008	13,240,000	-	13,240,000	1.65%	1,066
2009	12,280,000	-	12,280,000	1.49%	976
2010 <sup>c</sup>	11,300,000	-	11,300,000	0.85%	909
2011	10,270,000	-	10,270,000	0.77%	821
2012	9,225,000	-	9,225,000	0.69%	734
2013	8,125,000	-	8,125,000	0.60%	640
2014	7,010,000	-	7,010,000	0.51%	547
2015	6,295,000	-	6,295,000	0.45%	<b>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-7 for property tax data.

**b** Not Available

**c** Revaluation in 2010

**Township of Harrison School District**  
**Ratios of Overlapping Governmental Activities Debt**  
**As of June 30, 2015**  
**UNAUDITED**

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Harrison Township	\$ 37,980,493	100.000%	\$ 37,980,493
<b>Other debt</b>			
Clearview Regional School District	18,008,000	51.24%	9,227,299
Gloucester County	247,990,608	5.69%	14,116,978
Subtotal, overlapping debt			61,324,770
<b>Harrison Township School District Direct Debt</b>			6,295,000
<b>Total direct and overlapping debt</b>			<u>\$ 67,619,770</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 2015**

	Equalized valuation basis
	2014 \$ 1,417,734,287
	2013 1,371,663,339
	2012 <u>1,362,722,313</u>
	[A] \$ <u>4,152,119,939</u>
Average equalized valuation of taxable property	[A/3] \$ 1,384,039,980
Debt Limit (2 1/2% of average equalized valuation)	[B] 34,600,999 <sup>a</sup>
Net bonded school debt	[C] <u>6,295,000</u>
Legal debt margin	[B-C] \$ <u>28,305,999</u>

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 21,923,802	\$ 26,425,755	\$ 31,126,122	\$ 35,003,590	\$ 36,793,166	\$ 36,805,661	\$ 35,977,357	\$ 34,957,506	\$ 34,433,373	\$ 34,600,999
Total net debt applicable to limit	<u>15,005,000</u>	<u>14,202,000</u>	<u>13,240,000</u>	<u>12,280,000</u>	<u>11,300,000</u>	<u>10,270,000</u>	<u>9,225,000</u>	<u>8,125,000</u>	<u>7,010,000</u>	<u>6,295,000</u>
Legal debt margin	<u>\$ 6,918,802</u>	<u>\$ 12,223,755</u>	<u>\$ 17,886,122</u>	<u>\$ 22,723,590</u>	<u>\$ 25,493,166</u>	<u>\$ 26,535,661</u>	<u>\$ 26,752,357</u>	<u>\$ 26,832,506</u>	<u>\$ 27,423,373</u>	<u>\$ 28,305,999</u>
<sup>1</sup> / <sub>3</sub> Total net debt applicable to the limit as a percentage of debt limit	68.44%	53.74%	42.54%	35.08%	30.71%	27.90%	25.64%	23.24%	20.36%	18.19%

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

<sup>a</sup> 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 <sup>a</sup></u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income <sup>b</sup></u>	<u>Unemployment Rate <sup>c</sup></u>
2005	11,230	\$ 399,204,040	\$ 35,548	4.10%
2006	11,812	442,288,528	37,444	4.40%
2007	12,224	474,987,968	38,857	4.00%
2008	12,415	505,166,350	40,690	5.20%
2009	12,587	514,191,537	40,851	7.60%
2010	12,435	514,945,785	41,411	8.10%
2011	12,513	544,165,344	43,488	7.90%
2012	12,575	563,774,975	44,833	8.10%
2013	12,705	573,872,145	45,169	6.40%
2014	12,818	<b>d</b>	<b>d</b>	5.60%

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Per Capita information provided by U.S. Department of Commerce, Bureau of Economic Analysis

<sup>c</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

<sup>d</sup> Not Available

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

<b>Employer</b>	<b>2015</b>			<b>2006</b>	
	<b>Employees</b>	<b>Rank (Optional)</b>	<b>Percentage of Total Employment</b>	<b>Employees</b>	<b>Percentage of Total Employment</b>
Inspira Health	1,825	1	N/A	N/A	N/A
Kennedy Memorial Hospital	1,675	2	N/A	N/A	N/A
Washington Township School District	1,631	3	N/A	N/A	N/A
Rowan University	1,483	4	N/A	N/A	N/A
County of Gloucester	1,398	5	N/A	N/A	N/A
Missa Bay, LLC	950	6	N/A	N/A	N/A
Monroe Township School District	807	7	N/A	N/A	N/A
U.S. Foodservices	725	8	N/A	N/A	N/A
ExxonMobil Research & Engineering	540	9	N/A	N/A	N/A
LaBrea Bakery	525	10	N/A	N/A	N/A
	11,559				

**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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	83	83	86	88	88	84.6	83.3	83.3	82.2	83.0
Special education	32	37	35	35	35	39.3	39.6	39.6	39.2	38.9
Other special education	11	11	13	14	17	20.2	20.7	20.7	18.6	18.8
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	15	16	16	18	18	17.1	17.0	17.0	16.0	16.8
General administrative services	2	2	2	2	2	2.0	2.0	2.0	2.0	2.0
School administrative services	7	7	7	8	8	8.0	8.0	8.0	8.0	8.0
Business administrative services	5	5	5	5	5	5.8	6.3	6.3	6.6	6.6
Plant operations and maintenance	23	23	23	24	24	24.3	24.8	25.8	24.6	24.0
Pupil transportation	22	25	23	24	24	22.9	21.8	21.8	21.3	22.4
Total	<u>200</u>	<u>209</u>	<u>210</u>	<u>218</u>	<u>221</u>	<u>224.2</u>	<u>223.5</u>	<u>224.5</u>	<u>218.5</u>	<u>220.5</u>

Source: District Personnel Records

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

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures<sup>a</sup></u>	<u>Cost Per Pupil<sup>b</sup></u>	<u>Percentage Change</u>	<u>Teaching Staff<sup>c</sup></u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (ADE) d</u>	<u>Average Daily Attendance (ADA) d</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2006	1,466	\$ 14,266,290	\$ 9,731	7.45%	126	1:12.7	1,468.9	1,409.8	3.28%	95.98%
2007	1,483	15,593,617	10,515	8.05%	131	1:11.3	1,461.9	1,406.7	-0.48%	96.22%
2008	1,551	16,496,741	10,636	1.15%	134	1:11.5	1,535.4	1,479.0	5.03%	96.33%
2009	1,554	17,256,878	11,105	4.41%	137	1:11.3	1,512.9	1,454.7	-1.47%	96.15%
2010	1,546	18,105,674	11,711	5.46%	140	1:11.0	1,546.6	1,483.2	2.23%	95.90%
2011	1,502	17,824,857	11,867	1.33%	144	1:10.4	1,494.1	1,439.8	-3.39%	96.37%
2012	1,488	18,499,091	12,432	4.76%	144	1:10.3	1,482.3	1,426.3	-0.79%	96.22%
2013	1,454	19,233,219	13,228	6.40%	144	1:10.1	1,441.9	1,380.5	-2.73%	95.74%
2014	1,468	19,288,163	13,139	-0.67%	140	1:9.5	1,473.3	1,417.5	2.18%	96.21%
2015	1,500	19,694,245	13,129	-0.07%	140	1:10.7	1,493.5	1,431.0	1.37%	95.82%

118

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
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	810	864	891	888	863	842	857	825	830	836
Pleasant Valley School (2001)										
Square Feet	87,901	87,901	87,901	87,901	87,901	87,901	87,901	87,901	87,901	87,901
Capacity (students)	763	763	763	763	763	763	763	763	763	763
Enrollment	660	619	660	666	683	671	662	629	638	664

Number of Schools at June 30, 2015  
Elementary = 2

Source: District records

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

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

<u>Fiscal Year Ended June 30,</u>	<u>Harrison Township Elementary School</u>	<u>Pleasant Valley School</u>
2006	\$ 157,114	\$ 54,717
2007	81,878	79,055
2008	125,745	62,459
2009	184,781	109,968
2010	187,217	88,610
2011	326,197	83,933
2012	238,361	91,315
2013	134,536	78,026
2014	149,218	121,178
2015	127,699	118,867
	<u>\$ 1,712,746</u>	<u>\$ 888,128</u>

**Source: District records**

**Township of Harrison School District  
Insurance Schedule  
June 30, 2015  
UNAUDITED**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Property -Blanket Building & Contents	\$ 37,165,344	\$ 1,000
Comprehensive General Liability	1,000,000	
Aggregate	3,000,000	
Comprehensive Automobile Liability	1,000,000	500/1,000
Crime	100,000	1,000
Data Processing	2,300,000	250
Excess Catastrophe Liability	9,000,000	
Workmen's Compensation	2,000,000	
School Board Legal Liability		
Directors and Office	6,000,000	5,000
Student Accident Insurance:		
Basic	25,000	
Catastrophic	2,000,000	
Surety Bonds:		
Board Secretary	220,000	N/A

**Source: District Records**

**Single Audit Section**

**INVERSO & STEWART, LLC**  
**Certified Public Accountants**

651 Route 73 North, Suite 402  
 Marlton, New Jersey 08053  
 (856) 983-2244  
 Fax (856) 983-6674  
 E-Mail: [iscpas@concentric.net](mailto:iscpas@concentric.net)

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

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
 REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
 AS REQUIRED BY OMB CIRCULAR A-133  
 AND STATE OF NEW JERSEY OMB CIRCULAR 04-04 AND/OR 15-08**

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on Compliance for Each Major Federal and 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 *OMB Circular A-133 Compliance Supplement*, and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2015. The School District's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

**Auditor's Responsibility**

My responsibility is to express an opinion on compliance for each of the School District's major federal and 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and State of New Jersey OMB's Circular 04-04 and/or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and State of New Jersey Circular OMB's 04-04 and/or 15-08 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 federal and 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 federal and state program. However, my audit does not provide a legal determination of the School District's compliance.

### Opinion on Each Major Federal and 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 federal and state programs for the fiscal year ended June 30, 2015.

### Other Matters

The results of my auditing procedures disclosed instances of noncompliance, which are required to be reported under State of New Jersey OMB's Circular 04-04 and/or 15-08 and which is described in the accompanying *Schedule of Findings and Questioned Costs and Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* as finding no.: 2015-001. My opinion on the major federal and state programs is not modified with respect to this matter.

The School District's response to the finding identified in my audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

### 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 federal and 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 federal and state programs and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey OMB's Circular 04-04 and/or 15-08, 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's 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 federal or 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 federal or 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 federal or 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, I identified certain deficiencies in internal control over compliance, as described in the accompanying *Schedule of Findings and Questioned Costs and Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* as finding no.: 2015-001.

The School District's response to the internal control over compliance finding identified in my audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

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 OMB Circular A-133 and the New Jersey OMB's Circular 04-04 and/or 15-08. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 and Expenditures of State Financial Assistance Required by New Jersey OMB 04-04 and/or 15-08**

I have audited 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 year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. I have issued my report thereon dated November 27, 2015, which contained an unmodified opinion on those financial statements. My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04 and/or 15-08 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements.

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

***INVERSO & STEWART, LLC***  
Certified Public Accountants



Robert P. Inverso  
Certified Public Accountant  
Public School Accountant

Marlton, New Jersey  
November 27, 2015

TOWNSHIP OF HARRISON SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
for the Fiscal Year ended June 30, 2015

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period	Balance at June 30, 2014			Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2015		
					Accounts Receivable	Deferred Revenue	Due to Grantor					Accounts Receivable	Deferred Revenue	Due to Grantor
<b>U.S. Department of Education</b>														
<u>Special Revenue Fund:</u>														
<u>No Child Left Behind (N.C.L.B.)</u>														
Title I	84 010A	NCLB-2070-15	\$ 83,832 00	7/1/14 - 6/30/15	\$ -	\$ -	\$ -	\$ 37,829 00	\$ (37,829 05)	\$ -	\$ -	\$ (0 05)	\$ -	\$ -
Title II - Part A	84 367A	NCLB-2070-15	27,769 00	7/1/14 - 6/30/15				24,593 00	(27,411 00)			(2,818 00)		
Title III - (Consortium)	84 365A	NCLB-2070-15	23,475 00	7/1/14 - 6/30/15				19,546 00	(20,893 24)			(1,347 24)		
Title III - Carryover	84 365A	NCLB-2070-14	13,905 00	7/1/13 - 6/30/14	(747 40)			747 00		0 40				
<u>Individuals With Disabilities Act (I.D.E.A.)</u>														
Part B - Basic - Current Year	84 027	IDEA-2070-15	301,751 00	7/1/14 - 6/30/15				255,123 00	(301,401 00)			(46,278 00)		
Part B - Basic - Prior Year	84 027	IDEA-2070-14	277,973 00	7/1/13 - 6/30/14	(36,979 00)			36,979 00						
Part B - Preschool - Current Year	84 173	IDEA-2070-15	55,923 00	7/1/14 - 6/30/15				48,917 00	(53,131 00)			(3,214 00)		
Part B - Preschool - Prior Year	84 173	IDEA-2070-14	28,665 00	7/1/13 - 6/30/14	(4,440 00)			4,440 00						
Total Special Revenue Fund					(42,166 40)	-	-	429,174 00	(440,865 29)	0 40	-	(53,657 29)	-	-
<b>U.S. Department of Agriculture</b>														
<u>Enterprise Fund:</u>														
Food Distribution Program	10 565	N/A	24,368 06	9/1/14 - 6/30/15				24,368 06	(24,368 06)					
National School Lunch Program	10 555	N/A	75,204 40	9/1/14 - 6/30/15				63,183 04	(75,204 40)			(12,021 36)		
National School Lunch Program	10 555	N/A	72,153 34	9/1/13 - 6/30/14	(7,088 67)			7,088 67						
Total Enterprise Fund					(7,088 67)			94,639 77	(99,572 46)	-	-	(12,021 36)	-	-
Total Federal Awards					\$ (49,255 07)	\$ -	\$ -	\$ 523,813 77	\$ (540,237 75)	\$ 0 40	\$ -	\$ (65,678 65)	\$ -	\$ -

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, 2015

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	Balance at June 30, 2014		Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2015		Memo
				Accounts Receivable	Due to Grantor at					Accounts Receivable	Due to Grantor at	Cumulative Total Expenditures
<b>State Department of Education</b>												
<b>General Fund:</b>												
Equalization Aid	15-495-034-5120-078	\$ 5,031,432.00	7/1/14 - 6/30/15	\$ -	\$ -	\$ 4,539,462.23	\$ (5,031,432.00)	\$ -	\$ -	\$ (491,969.77)	\$ -	\$ 5,031,432.00
Equalization Aid	14-495-034-5120-078	5,031,432.00	7/1/13 - 6/30/14	(483,849.72)		483,849.72						
Additional Nonpublic Transportation Aid	15-495-034-5120-014	16,978.00	7/1/14 - 6/30/15				(16,978.00)			(16,978.00)		16,978.00
Additional Nonpublic Transportation Aid	14-495-034-5120-014	10,818.00	7/1/13 - 6/30/14	(10,818.00)		10,818.00						
Transportation Aid	15-495-034-5120-014	174,772.00	7/1/14 - 6/30/15			157,682.92	(174,772.00)			(17,089.08)		174,772.00
Transportation Aid	14-495-034-5120-014	174,772.00	7/1/13 - 6/30/14	(16,807.02)		16,807.02						
Special Education Aid	15-495-034-5120-089	788,766.00	7/1/14 - 6/30/15			711,641.03	(788,766.00)			(77,124.97)		788,766.00
Special Education Aid	14-495-034-5120-089	788,766.00	7/1/13 - 6/30/14	(75,852.01)		75,852.01						
Security Aid	15-495-034-5120-084	106,673.00	7/1/14 - 6/30/15			96,242.60	(106,673.00)			(10,430.40)		106,673.00
Security Aid	14-495-034-5120-084	106,673.00	7/1/13 - 6/30/14	(10,258.25)		10,258.25						
PARCC Readiness Aid	15-495-034-5120-098	13,560.00	7/1/14 - 6/30/15			12,234.11	(13,560.00)			(1,325.89)		13,560.00
Per Pupil Growth Aid	15-495-034-5120-097	13,560.00	7/1/14 - 6/30/15			12,234.11	(13,560.00)			(1,325.89)		13,560.00
Extraordinary Aid	15-495-034-5093-007	75,487.00	7/1/14 - 6/30/15				(75,487.00)			(75,487.00)		75,487.00
Extraordinary Aid	14-495-034-5093-007	181,174.00	7/1/13 - 6/30/14	(181,174.00)		181,174.00						
On Behalf TPAF Pension Contributions	15-495-034-5094-006	429,079.00	7/1/14 - 6/30/15			429,079.00	(429,079.00)					429,079.00
On Behalf TPAF Post Retirement Medical	15-495-034-5094-001	681,164.00	7/1/14 - 6/30/15			681,164.00	(681,164.00)					681,164.00
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	595,883.45	7/1/14 - 6/30/15			565,998.80	(595,883.45)			(29,884.65)		595,883.45
Reimbursed TPAF Social Security Contributions	14-495-034-5094-003	589,770.11	7/1/13 - 6/30/14	(29,104.59)		29,104.59						
<b>Total General Fund</b>				<b>(807,863.59)</b>		<b>8,013,602.39</b>	<b>(7,927,354.45)</b>			<b>(721,615.65)</b>		<b>7,927,354.45</b>
<b>Special Revenue Fund</b>												
<b>N.J. Nonpublic Aid:</b>												
Textbook Aid	15-100-034-5120-064	5,124.00	7/1/14 - 6/30/15			5,124.00	(4,772.40)				351.60	4,772.40
Textbook Aid	14-100-034-5120-064	5,266.00	7/1/13 - 6/30/14		16.93			(16.93)				
Nursing Aid	15-100-034-5120-070	8,157.00	7/1/14 - 6/30/15			8,157.00	(8,157.00)					8,157.00
Home Instruction	15-100-034-5120-373	-	7/1/14 - 6/30/15									
Technology Aid	15-100-034-5120-067	2,752.00	7/1/14 - 6/30/15			2,752.00	(2,423.93)			328.07		2,423.93
<b>Auxiliary Services:</b>												
Compensatory Education	15-100-034-5120-067	13,437.00	7/1/14 - 6/30/15			13,437.00	(9,047.58)			4,389.42		9,047.58
Compensatory Education	14-100-034-5120-067	16,264.00	7/1/13 - 6/30/14		7,362.64			(7,362.64)				
Transportation	15-100-034-5120-067	3,082.00	7/1/14 - 6/30/15			3,082.00	(1,848.96)			1,233.04		1,848.96
Transportation	14-100-034-5120-067	7,135.00	7/1/13 - 6/30/14		2,584.36			(2,584.36)				
ESL	15-100-034-5120-067	914.00	7/1/14 - 6/30/15			914.00	(913.50)			0.50		913.50
ESL	14-100-034-5120-067	1,135.00	7/1/13 - 6/30/14		0.23			(0.23)				
<b>Handicapped Services:</b>												
Examination & Classification	15-100-034-5120-066	7,205.00	7/1/14 - 6/30/15			7,205.00	(5,400.44)			1,804.56		5,400.44
Examination & Classification	14-100-034-5120-066	8,123.00	7/1/13 - 6/30/14		1,751.88			(1,751.88)				
Corrective Speech	15-100-034-5120-066	11,486.00	7/1/14 - 6/30/15			11,486.00	(7,951.50)			3,534.50		7,951.50
Corrective Speech	14-100-034-5120-066	13,280.00	7/1/13 - 6/30/14		7,967.84			(7,967.84)				
Supplemental Instruction	15-100-034-5120-066	5,493.00	7/1/14 - 6/30/15			5,493.00	(784.70)			4,708.30		784.70
Supplemental Instruction	14-100-034-5120-066	5,551.00	7/1/13 - 6/30/14		625.02			(625.02)				
<b>Total Special Revenue Fund</b>					<b>20,308.90</b>	<b>57,650.00</b>	<b>(41,300.01)</b>			<b>(20,308.90)</b>	<b>16,349.99</b>	<b>41,300.01</b>
<b>New Jersey School Development Authority</b>												
<b>Capital Projects Fund</b>												
Harrison Township School Phone Replacement	2070-050-14-1001	55,089.00	7/1/14 - 6/30/15			45,815.96	(55,089.00)			(9,273.04)		55,089.00
Harrison Township School Boiler Replacement	2070-050-14-1004	167,682.00	7/1/14 - 6/30/15			121,000.00	(167,682.00)			(46,682.00)		167,682.00
Pleasant Valley School Phone Replacement	2070-080-14-1002	29,935.00	7/1/14 - 6/30/15			28,427.04	(29,935.00)			(1,507.96)		29,935.00
Pleasant Valley School Cooling Tower Replacement	2070-080-14-1003	74,198.00	7/1/14 - 6/30/15				(74,198.00)			(74,198.00)		74,198.00
						195,243.00	(326,904.00)			(131,661.00)		326,904.00
<b>Debt Service Fund</b>												
Debt Service Aid Type II	15-495-034-5120-017	325,773.00	7/1/14 - 6/30/15			325,773.00	(325,773.00)					325,773.00
<b>State Department of Agriculture</b>												
<b>Enterprise Fund:</b>												
State School Lunch Program	15-100-010-3350-023	3,637.86	7/1/14 - 6/30/15			3,042.12	(3,637.86)			(595.74)		3,637.86
State School Lunch Program	14-100-010-3350-023	3,678.35	7/1/13 - 6/30/14	(365.07)		365.07						
<b>Total Enterprise Fund</b>				<b>(365.07)</b>		<b>3,407.19</b>	<b>(3,637.86)</b>			<b>(595.74)</b>		<b>3,637.86</b>
<b>Total State Financial Assistance</b>				<b>\$ (808,228.66)</b>	<b>\$ 20,308.90</b>	<b>\$ 8,595,675.58</b>	<b>\$ (8,624,969.32)</b>	<b>\$ -</b>	<b>\$ (20,308.90)</b>	<b>\$ (853,872.39)</b>	<b>\$ 16,349.99</b>	<b>\$ 8,624,969.32</b>

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, 2015**

**1. GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Board of Education, Township of Harrison School District. The Board of Education is defined in Note 1 to the School District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, 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 OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**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 two 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 (\$12,499) for the general fund and \$ -0- for the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Expenditures from awards and financial assistance revenues are reported in the School District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
<b>General Fund</b>		\$ 7,914,856	\$ 7,914,856
<b>Special Revenue Fund</b>	\$ 440,665	41,300	481,965
<b>Capital Projects Fund</b>		326,904	326,904
<b>Debt Service Fund</b>		325,773	325,773
<b>Food Service Fund</b>	<u>99,572</u>	<u>3,638</u>	<u>103,210</u>
<b>Total Awards &amp; Financial Assistance</b>	<u>\$ 540,237</u>	<u>\$ 8,612,471</u>	<u>\$ 9,152,708</u>

**Township of Harrison School District  
Notes to the Schedules of Expenditures  
of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2015**

**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, 2015. 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, 2015.

**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 Canceled	\$ 0.40	\$ -

HARRISON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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  no

2) Significant deficiencies identified?

\_\_\_\_\_ yes  none reported

Noncompliance material to basic financial statements noted?

\_\_\_\_\_ yes  no

**Federal Awards**

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:

\_\_\_\_\_ Unmodified \_\_\_\_\_

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133 ?

yes \_\_\_\_\_ no

Identification of major programs:

<u>CFDA Number(s)</u>
84.027
10.555

<u>Name of Federal Program or Cluster</u>
I.D.E.A. Part B Basic
National School Lunch Program

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

\_\_\_\_\_ \$300,000 \_\_\_\_\_

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, 2015**

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

**State Awards Section**

Dollar threshold used to distinguish between type A and type B programs: \_\_\_\_\_ \$300,000 \_\_\_\_\_

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 04-04 and/or 15-08 as applicable? \_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
_____ 15-495-034-5120-078 _____	_____ Equalization Aid _____
_____ 15-495-034-5120-089 _____	_____ Special Education Categorical Aid _____
_____ 15-495-034-5094-003 _____	_____ Reimbursed TPAF Social Security Contributions _____
_____ 2070-050-14-1001 _____	_____ School Development Authority Grant _____
_____ 2070-050-14-1004 _____	_____ School Development Authority Grant _____
_____ 2070-080-14-1002 _____	_____ School Development Authority Grant _____
_____ 2007-080-14-1003 _____	_____ School Development Authority Grant _____
_____ 15-495-034-5120-017 _____	_____ Debt Service Aid Type II _____

**HARRISON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Section 2 -- Schedule of Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting in a Circular A-133 audit.

No findings identified.

**HARRISON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular Letter 04-04 and/or 15-08, as applicable

**FEDERAL AWARDS:**

**Finding #2015-001**

**Information on the federal program:**

National School Lunch Program (CFDA 10.555)

**Criteria or specific requirement:**

Good internal control practices to ensure that the recording and reporting of meal counts dictate that reconciliation should be made monthly between the source documentation for meal counts and the data check worksheets used for the electronic reporting in SNEARS.

**Condition:**

Reconciliation between source documentation for meals served and data check worksheets for the electronic reporting of meal counts in SNEARS was not performed and as a result, the meal counts for the months of September 2014, October 2014, November 2014, January 2015 and February 2015 were under reported.

**Questioned Costs:**

None

**Context:**

Due to a computer error meal counts from the food service company were being reported incorrectly to the school district.

**Effect:**

Incorrect meal counts were reported for several months resulting in an underclaim of meals served.

**Cause:**

A reconciliation process was not in place to ensure the accuracy of the electronic reporting in SNEARS.

**Recommendation:**

A reconciliation should be made between source documentation for meal counts and data edit worksheets used for the electronic reporting in SNEARS.

**Management's response:**

Management agrees with the above finding and will address the matter as part of their corrective action plan.

**STATE AWARDS:**

No findings and/or questioned costs identified.

**HARRISON TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB Circular A-133 and NJOMB's Circular 04-04 and/or 15-08, as applicable.

**FINANCIAL STATEMENT FINDINGS**

There were no prior year audit findings.

**FEDERAL AWARDS**

There were no prior year audit findings.

**STATE AWARDS**

There were no prior year audit findings.