

**SCHOOL DISTRICT OF SOUTH HARRISON TOWNSHIP**

**SOUTH HARRISON BOARD OF EDUCATION**

Harrisonville, New Jersey

County of Gloucester

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

**HARRISONVILLE, NEW JERESY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Prepared by**

**South Harrison Township Board of Education  
Business Office**



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**INTRODUCTORY SECTION**

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## South Harrison Township Elementary School District

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*Dr. James J. Lavender*  
*Superintendent of Schools*

*Jason Schimpf*  
*School Business Administrator*

December 4, 2015

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

Dear Board Members:

The comprehensive annual financial report of the South 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 the 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 basic 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 State and Local Governments", and the state Treasury Circular Letter 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments". 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**

South Harrison Township Elementary School District is an independent entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The South 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 kindergarten through sixth grade. 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 387 students. The following details the changes in the student enrollment of the District over the last five years:

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2014-2015	387.0	2.38%
2013-2014	378.0	5.00%
2012-2013	360.0	(3.23%)
2011-2012	372.0	(1.59%)
2010-2011	378.0	5.00%

**2. Economic Condition and Outlook**

The South Harrison Township area has been experiencing a period of steady growth over the past decade. New housing developments have caused the ratables to increase somewhat. Due to the sale of development rights by many farmers under the farmland preservation act, the District wealth has also increased over the last several years. The District's state aid decreased dramatically several years ago; consequently the tax rate has increased accordingly.

**3. Major Initiatives**

The South Harrison Township Elementary School District entered into an inter-local shared services agreement with the Kingsway Regional School District during FY 2013 and continued to share a school superintendent throughout the 2014-15 school year. The District entered into an additional shared services agreement with the Kingsway Regional School District on July 1, 2015 for business administration services.

The District also entered into a shared curriculum service agreement with Kingsway Regional with the express purpose of developing K-6 curriculum aligned to the New Jersey Core Curriculum Content Standards and articulated vertically K-12 and horizontally. Additionally, the Regional Curriculum Team assisted with implementation of the teacher evaluation and principal evaluation framework (Marzano) and provided professional development support and assisted with implementation of instructional strategies that increase the rigor and relevance of the adopted curriculum.

Technology and facility maintenance were also a focus during the 2014-2015 school year and the District entered into a shared services agreements with Kingsway Regional for Kingsway to provide information technology and facility maintenance services.

The District adopted a strategic planning process entitled Vision 2018. The goal of the South Harrison Township Elementary School District Vision 2018 project was to conduct a strategic planning process for the purpose of defining decisions and actions that shape and guide the future direction for the school district over the next several years. The planning process included targeted and prioritized action steps to move the district forward and became a driving force in the development of the 2014-15 school budget.

#### **4. Internal Accounting Controls**

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute 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 and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

#### **5. Budgetary Controls**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated 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 the Financial Statements", Note 1.

#### **7. Management's Discussion and Analysis**

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in connection with it. The District's MD&A can be found immediately following the report of the independent auditors.

## 8. Cash Management

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

## 9. 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.

## 10. Other Information

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman Frenia Allison, P.C., 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 state Treasury Circular Letter 04-04. The auditor's report on the basic financial statements and the combining and individual fund statements and schedules are 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.

## 12. Acknowledgements

We would like to express our appreciation to the members of the South Harrison Township Elementary School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the 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. James J. Lavender  
Superintendent of Schools



Jason Schimpf  
School Business Administrator

**SOUTH HARRISON TOWNSHIP BOARD OF EDUCATION**

**904 Mullica Hill Road  
Harrisonville, New Jersey 08039**

**ROSTER OF OFFICIALS**

**JUNE 30, 2015**

**MEMBERS OF THE BOARD OF EDUCATION**

**TERM EXPIRES**

Debbie Cunningham, President	2015
Michael Brennan, Vice President	2017
Toni Buckley	2015
Carole English	2016
Janet Brown	2017
Janice Huggins	2016
Joseph Talbot	2016
James McShae	2017
Ron Reilly	2015

**OTHER OFFICIALS**

Dr. James J. Lavender, Superintendent of Schools

Jason Schimpf, Business Administrator

Allan P. Dzwilewski, Esq., Solicitor

**SOUTH HARRISON TOWNSHIP BOARD OF EDUCATION**  
**Harrisonville, New Jersey**

**CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

Michael Holt, CPA, PSA  
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618 Stokes Road  
Medford, New Jersey 08055

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Schwartz Simon Edelstein & Celso, LLC  
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**FISCAL AGENT**

The Bank of New York

**OFFICIAL DEPOSITORY**

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Mullica Hill, New Jersey 08062

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Garrison Architects  
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**FINANCIAL SECTION**

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Certified Public Accountants & Consultants

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926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090

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## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
South Harrison Township School District  
County of Gloucester  
Harrisonville, New Jersey 08039

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the South Harrison Township School District, 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 District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Harrison Township School District, 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**

### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2015 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No.27*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Harrison Township School District's basic financial statements. The accompanying combining statements and related major fund supporting statements and schedules and Schedules of 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 New Jersey OMB's Circular(s) 04-04 and/or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and the Schedule of State Financial Assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting other records used to prepare the basic financial

statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and Schedule of State Financial Assistance are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2015 on our consideration of the South Harrison Township School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 South Harrison Township School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Michael Holt  
Certified Public Accountant  
Public School Accountant  
No. 1148

Medford, New Jersey  
December 4, 2015

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**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR JUNE 30, 2015**

This section of the South Harrison Township School District's ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments issued in June 1999. Certain comparative information between the current year (2014-15) and the prior year (2013-14) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for the 2014-15 fiscal year include the following:

- . Net position for governmental activities and business-type activities were \$1,962,793 and \$28,558, respectively.
- . Net position for governmental activities increased by \$277,732 and net position for business-type activities decreased by \$6,775 from July 1, 2014 to June 30, 2015.
- . The general fund, fund balance as of June 30, 2015 was \$1,086,818, a decrease of \$132,347 when compared with the beginning balance as of July 1, 2014 of \$1,219,165.

**Overview of the Financial Statements**

The financial section of the annual report consists of four parts - Independent Auditor's Report, Required Supplementary Information which includes the Management's Discussion and Analysis (this section), the Basic Financial Statements, and Supplemental Information. The basic financial statements include two kinds of statements that present different views of the District.

- . The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- . The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operation in more detail than the district-wide statements.
- . The governmental funds statements tell us how basic services such as regular and special education were financed in short-term as well as what remains for future spending.
- . Proprietary funds statements offer short-term and long-term financial information about the activities that the District operates like businesses.
- . Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Table 1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the Management's Discussion and Analysis highlights the structure and contents of each of the statements.

Table 1

**Major Features of the District-Wide and Fund Financial Statements**

	District-Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses; food services is included here	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required Financial Statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net position Statement of revenues, expenses, and changes in fund net position	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Assets/Liability	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position - the difference between the District's assets and liabilities - are a measure of the District's financial health or position.

- . Over time, increases or decreases in the District's net position is an indicator of whether the financial position is improving or deteriorating, respectively.
- . To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are shown in two categories:

- . *Governmental activities* - Most of the District's basic services are included here, such as regular and special education, transportation, administration, and maintenance. Aid from the State of New Jersey and from the Federal government along with local property taxes finances most of these activities.
- . *Business-type activities* - The District may charge fees to customers to help it cover the costs of certain services it provides. The District's food service program, summer enrichment programs, craft club, target summer program, and after school program are included here.

## Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds - focusing on the most significant or major funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- . Some funds are required by State law and by bond covenants.
- . The District uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

The District has three kinds of funds:

- . **Governmental funds** - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- . **Proprietary funds** - Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
- . **Fiduciary funds** - The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's net position for the fiscal years ended June 30, 2014 and 2015 is reflected in in Table 2.

**Table 2**  
**Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	FY 2015	FY 2014	FY 2015	FY 2014
<b>Assets</b>				
Current and Other Assets	\$ 1,311,028	\$ 1,557,741	\$ 11,015	\$ 12,280
Capital Assets, Net	12,822,432	12,787,821	28,558	35,333
Deferred Outflow of Resources	495,742			
Total Assets	<u>14,629,202</u>	<u>14,345,562</u>	<u>39,573</u>	<u>47,613</u>
<b>Liabilities</b>				
Current and Other Liabilities	190,973	297,241	11,015	12,280
Long-term Liabilities	12,427,418	11,560,941		
Deferred Inflow of Resources	48,018			
Total Liabilities	<u>12,666,409</u>	<u>11,858,182</u>	<u>11,015</u>	<u>12,280</u>
<b>Net Position</b>				
Invested in Capital Assets, Net of				
Related Debt	2,372,432	1,314,821	28,558	35,333
Restricted Assets	1,131,544	1,148,343		
Unrestricted Assets	<u>(1,541,183)</u>	<u>24,216</u>		
Total Net Position	<u>\$ 1,962,793</u>	<u>\$ 2,487,380</u>	<u>\$ 28,558</u>	<u>\$ 35,333</u>

Change in Net Position. Net position for governmental type activities increased and business-type activities decreased from June 30, 2014 to June 30, 2015 as reflected in Table 3.

**Table 3**  
**Changes in Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	FY 2015	FY 2014	FY 2015	FY 2014
<b>Revenues</b>				
Charges for Services	\$ 60,720	\$ 58,761	\$ 2,535	\$ 2,224
Operating Grants and Contributions	957,792	116,665		9,482
Property Taxes	2,927,311	2,849,053		
Grants and Entitlements	2,021,645	2,091,463		
Debt Service	752,838	757,646		
Other	42,191	86,044		
Total Revenues	<u>6,762,497</u>	<u>5,959,632</u>	<u>2,535</u>	<u>11,706</u>
<b>Expenses</b>				
Instruction	2,075,199	1,924,459		
Tuition	150,868	141,772		
Related Services	567,102	584,995		
Administration	461,929	454,203		
Operations and Maintenance				
of Plant Services	456,400	461,967		
Pupil Transportation	335,198	368,569		
Unallocated Benefits	1,384,835	751,534		
Debt Service	481,254	511,713		
Unallocated Depreciation	579,449	536,236		
Enterprise Operation			9,310	9,355
Total Expenditures	<u>6,484,765</u>	<u>5,735,448</u>	<u>9,310</u>	<u>9,355</u>
Change in Net Position	277,732	224,184	(6,775)	2,351

The District's expenses for government activities are predominantly related to instruction and support services. Instruction together with tuition totaled \$2,226,067 (33.3%) of total expenditures. Student support services including transportation, exclusive of administration, totaled \$902,300 (13.5%) of total expenditures. Plant operations and maintenance totaled \$456,400 (6.8%) of total expenditures. Total expenditures did not exceed revenues for governmental activities, increasing net position \$277,732 from the beginning balance at July 1, 2014.

### **Activity Descriptions**

**Instruction expenses** include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

**Tuition expenses** include the cost to the District to send pupils with special needs living within the District to private schools and/or schools outside the District area.

**Student and instruction related services** include the activities designed to assess and improve the well being of students and to supplement the teaching process.

**School Administrative and General and Business Administrative services** include expenses associated with establishing and administering policy for the District including financial supervision.

**Plant operation and maintenance of plant activities** involve keeping the school grounds, buildings and equipment in a safe and effective working condition.

**Pupil transportation** includes activities involved with the conveyance of students to and from school, as well as to and from student activities as provided by State law and Board Policy.

**Unallocated benefits** includes the cost of benefits for the District staff for social security, retirement contributions, worker's compensation, health benefits and other employee benefits.

**Interest on long-term debt** involve the transactions associated with the payment of interest and other related charges to the debt of the District.

### **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The financial performance of the District as a whole is also reflected in the governmental funds which are accounted for by using the modified accrual basis of accounting. As the District completed the year, its governmental funds reported a combined fund balance of \$1,241,093. At June 30, 2014 the fund balance was \$1,472,556.

All governmental funds had total revenues of \$6,268,497 and total expenditures of \$6,615,927.

### **GENERAL FUND BUDGETING HIGHLIGHTS**

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The General Fund includes the primary operations of the District in providing educational services to students from K through grade 6 including pupil transportation activities and capital outlay projects.

Table 4 presents a summary of Governmental Fund revenues. The summary reflects the dollar and percent increase (decrease) from the prior year.

**Table 4  
Comparison of Revenues**

	2015	2014	Increase/ (Decrease)	Percentage Increase/ (Decrease)
Local sources:				
Local tax levy	\$ 3,680,149	3,606,699	\$ 73,450	2.04%
Tuition	9,000	13,500	(4,500)	-33.33%
Miscellaneous	20,133	62,026	(41,893)	-67.54%
Government sources:				
State sources	2,418,806	2,093,138	325,668	15.56%
Federal sources	132,940	114,990	17,950	15.61%
<b>Total</b>	<b>\$ 6,261,028</b>	<b>\$ 5,890,353</b>	<b>\$ 370,675</b>	<b>6.29%</b>

One of the primary sources of funding for the District is received from local property taxes and accounted for 59% of total revenues. State aid accounted for 40% of total revenues.

Total governmental fund revenues increased by \$378,144, or 6.42% from the previous year. The major components of this increase were an increase in the local tax levy and additional state aid for a school construction project.

There was an increase in property taxes for the general fund of \$73,450, which is a 2.04% increase from the prior year. State law limits the increase in general fund taxes to 2%, plus a minimal amount of adjustments.

Table 5 presents a summary of governmental fund expenditures. The summary reflects the dollar and percent increases (decreases) from the prior year.

**Table 5  
Comparison of Expenditures**

	2015	2014	Increase/ (Decrease)	Percentage Increase/ (Decrease)
Instruction:				
Regular	\$ 1,668,186	1,512,683	\$ 155,503	10.28%
Special education	311,283	315,733	(4,450)	-1.41%
Other	88,261	96,043	(7,782)	-8.10%
Support services:				
Tuition	150,868	141,772	9,096	6.42%
Student and instruction related services	567,102	584,995	(17,893)	-3.06%
General administration	138,999	142,800	(3,801)	-2.66%
School administrative services	137,426	123,583	13,843	11.20%
Central services	124,784	129,059	(4,275)	-3.31%
Plant operations and maintenance	456,400	461,967	(5,567)	-1.21%
Pupil transportation	335,198	368,569	(33,371)	-9.05%
Unallocated benefits	571,183	410,216	160,967	39.24%
TPAF and FICA reimbursements	397,161	341,318	55,843	16.36%
Capital outlay	609,135	35,713	573,422	1605.64%
Debt service	1,052,472	935,316	117,156	12.53%
<b>Total</b>	<b>\$ 6,608,458</b>	<b>\$ 5,599,767</b>	<b>\$ 1,008,691</b>	<b>18.01%</b>

Total governmental fund expenditures increased \$1,008,691 or 18.01% from the previous year. The majority of the increase in expenditures came from capital outlay which included HVAC improvements, playground upgrades and a partial roof replacement.

The District values its fund balances as a vehicle for addressing unbudgeted and emergent needs that may occur during the school year. The District relies on its excess surplus to include non-recurring capital and maintenance items in the operating budget.

**DEBT SERVICE FUND**

The current year obligations for payment of debt service principal and interest amounted to \$1,052,472, of which \$752,838 in funding was provided by the local tax levy.

**FOOD SERVICE ENTERPRISE FUND**

The food service enterprise fund's net position was \$28,558 as of June 30, 2014. This reflects an decrease of \$6,775 from June 30, 2014.

**ENTERPRISE FUNDS**

The various enterprise funds' net position was \$0.00 as of June 30, 2015. There was no change in net assets from June 30, 2014.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

Capital assets are individual items purchased at a cost exceeding \$2,000.00, have an extended useful life of one year or more and maintain their identity and structure when placed into service.

At the end of 2014, the District had capital assets allocated to governmental activities with a book value of \$12,787,821.00. This consists of a broad range of capital assets, including land, site, and site improvements, buildings and building improvements, machinery and equipment, and construction in progress. Total depreciation expense for the year was \$579,449.00.

Table 6 summarizes capital assets.

**Table 6  
Capital Assets (Net of Depreciation)  
At June 30, 2015 and 2014**

	2015			2014		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	\$ 18,937	\$	18,937	\$ 18,937	\$	18,937
Site and site improvements	3,641		3,641	5,670		5,670
Construction in progress		0	0	11,875		11,875
Building and building improvements	12,540,654		12,540,654	12,427,178		12,427,178
Machinery and equipment	259,200	28,558	287,758	324,161	35,333	359,494
<b>Total</b>	<b>\$ 12,822,432</b>	<b>\$ 28,558</b>	<b>\$ 12,850,990</b>	<b>\$ 12,787,821</b>	<b>\$ 35,333</b>	<b>\$ 12,823,154</b>

**Long-Term Obligations**

At year-end, the District had \$10,450,000 in general obligation bonds outstanding, a decrease of \$1,023,000 from last year - as shown below. The District does not anticipate incurring any new long-term debt at this time; however, the District has completed a refunding resulting in savings of more than 3%.

The District also had a \$66,595 liability for compensated absences allocated to governmental activities. This liability represents the District's contractual obligation to compensate employees for accumulated unused sick leave entitlements upon retirement.

Table 7 summarizes long-term obligations.

**Table 7  
Long-Term Obligations  
At June 30, 2015 and 2014**

	2015		2014			
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
School refunding bonds	\$ 0	\$ 0	\$ 0	128,000	0	\$ 128,000
Construction of additions and renovations to South Harrison Schools	365,000		365,000	8,790,000	0	8,790,000
Construction of additions and renovations to South Harrison Schools	105,000		105,000	2,555,000	0	2,555,000
Series 2015 Refunding Bonds	9,980,000					
EDA loan	0		0	0	0	0
Unamortized premium	1,105,077		1,105,077	1,083	0	1,083
Net Pension Obligations	805,746					
Compensated absences	66,595		66,595	86,858	0	86,858
<b>Total</b>	<b>\$ 12,427,418</b>	<b>\$ 0</b>	<b>\$ 1,641,672</b>	<b>\$ 11,560,941</b>	<b>\$ 0</b>	<b>\$ 11,560,941</b>

## **Current Financial Issues and Concerns**

The South Harrison Township School District is primarily a residential community, with very few commercial ratables; thus the financial burden is focused on homeowners. A successful bond referendum was held in September 2006 to address the student growth we were experiencing. The new addition opened in September 2008. At the present time, enrollment is stable. Over the past few years, the District has been able to replenish the amount of fund balance being used to support the annual budget. Excess surplus has been used to fund various capital projects and technology upgrades and the District has made a commitment to increasing the amount of resources budgeted for maintaining our facilities.

In conclusion, the South Harrison Township School District has committed itself to academic and financial excellence for many years. In addition, the District's system for financial planning, budgeting, and internal financial controls are well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

## **Requests for Information**

This financial report is designed to provide a general overview of the South Harrison Township School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Jason Schimpf, School Business Administrator, South Harrison Township School District, 904 Mullica Hill Road, Harrisonville, NJ 08039 or by e-mail at [schimpfj@krsd.org](mailto:schimpfj@krsd.org).

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**BASIC FINANCIAL STATEMENTS**

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A. Government-Wide Financial Statements

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS
			JUNE 30, 2015
Cash & Cash Equivalents	\$ 902,239	\$ 2,687	\$ 904,926
Receivables, Net	265,453	8,328	273,781
Internal Balances	2,245	-	2,245
Restricted Cash & Cash Equivalents	141,091	-	141,091
Capital Assets, Non-Depreciable (Note 5)	18,937	-	18,937
Capital Assets, Depreciable, Net (Note 5)	12,803,495	28,558	12,832,053
<b>Total Assets</b>	<b>14,133,460</b>	<b>39,573</b>	<b>14,173,033</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Charge on Refunding of Debt	426,388	-	426,388
Deferred Outflows Related to Pensions	69,354	-	69,354
<b>Total Deferred Outflow of Resources</b>	<b>495,742</b>	<b>-</b>	<b>495,742</b>
<b>Total Assets and Deferred Outflow of Resources</b>	<b>14,629,202</b>	<b>39,573</b>	<b>14,668,775</b>
<b>LIABILITIES</b>			
Accrued Interest	94,066	-	94,066
Accounts Payable	65,735	-	65,735
Unearned Revenue	4,200	11,015	15,215
PERS Pension Payable	26,972	-	26,972
Noncurrent Liabilities (Note 6):			
Due Within One Year	621,104	-	621,104
Due Beyond One Year	11,806,314	-	11,806,314
<b>Total Liabilities</b>	<b>12,618,391</b>	<b>11,015</b>	<b>12,629,406</b>
<b>DEFERED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	48,018	-	48,018
<b>Total Deferred Inflows of Resources</b>	<b>48,018</b>	<b>-</b>	<b>48,018</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>12,666,409</b>	<b>11,015</b>	<b>12,677,424</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,372,432	28,558	2,400,990
Restricted For:			
Capital Projects	118,474	-	118,474
Debt Service	35,801	-	35,801
Other Purposes	977,269	-	977,269
Unrestricted	(1,541,183)	-	(1,541,183)
<b>Total Net Position</b>	<b>\$ 1,962,793</b>	<b>\$ 28,558</b>	<b>\$ 1,991,351</b>

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

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
Governmental Activities:						
Instruction:						
Regular	\$ 1,668,186	\$ -	105,686	(1,562,500)	\$ -	(1,562,500)
Special Education	311,283	-	-	(311,283)	-	(311,283)
Other Special Instruction	88,261	-	-	(88,261)	-	(88,261)
Support Services & Undistributed Costs:						
Tuition	150,868	-	-	(150,868)	-	(150,868)
Student & Instruction Related Services	567,102	-	27,254	(539,848)	-	(539,848)
General Administration	199,719	60,720	-	(138,999)	-	(138,999)
School Administrative Services	137,426	-	-	(137,426)	-	(137,426)
Central Service	124,784	-	-	(124,784)	-	(124,784)
Plant Operations & Maintenance	456,400	-	-	(456,400)	-	(456,400)
Pupil Transportation	335,198	-	-	(335,198)	-	(335,198)
Unallocated Benefits	1,384,835	-	824,852	(559,983)	-	(559,983)
Interest and Charges on Long-Term Debt	481,254	-	-	(481,254)	-	(481,254)
Unallocated Depreciation	579,449	-	-	(579,449)	-	(579,449)
<b>Total Governmental Activities</b>	<b>6,484,765</b>	<b>60,720</b>	<b>957,792</b>	<b>(5,466,253)</b>	<b>-</b>	<b>(5,466,253)</b>
Business-Type Activities:						
Food Service	6,775	-	-	-	(6,775)	(6,775)
Ceramics/Sculpture Classes	2,535	2,535	-	-	-	-
<b>Total Business - Type Activities</b>	<b>9,310</b>	<b>2,535</b>	<b>-</b>	<b>-</b>	<b>(6,775)</b>	<b>(6,775)</b>
<b>Total Primary Government</b>	<b>\$ 6,494,075</b>	<b>\$ 63,255</b>	<b>\$ 957,792</b>	<b>(5,466,253)</b>	<b>(6,775)</b>	<b>(5,473,028)</b>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				2,927,311	-	2,927,311
Taxes Levied for Debt Service				752,838	-	752,838
Federal & State Aid Not Restricted				2,021,645	-	2,021,645
Tuition Received				9,000	-	9,000
Investment Earnings				174	-	174
Miscellaneous Income				19,959	-	19,959
Adjustment to Capital Assets				13,058	-	13,058
<b>Total General Revenues &amp; Transfers</b>				<b>5,743,985</b>	<b>-</b>	<b>5,743,985</b>
<b>Change In Net Position</b>				<b>277,732</b>	<b>(6,775)</b>	<b>270,957</b>
<b>Net Position - Beginning, as restated</b>				<b>1,685,061</b>	<b>35,333</b>	<b>1,720,394</b>
<b>Net Position - Ending</b>				<b>\$ 1,962,793</b>	<b>\$ 28,558</b>	<b>\$ 1,991,351</b>

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

## B. Fund Financial Statements

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## Governmental Funds

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2015**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	<u>TOTALS</u> JUNE 30, 2015
<b>Assets:</b>					
Cash & Cash Equivalents	\$ 863,735	\$ 2,321	\$ 5	\$ 35,801	\$ 901,862
Due from Other Funds	615,127	-	486,200	-	1,101,327
Receivables from Other Governments	12,004	8,148	245,151	-	265,303
Other Accounts Receivable	150	-	-	-	150
Ristricted Cash & Cash Equivalents	141,091	-	-	-	141,091
<b>Total Assets</b>	<b>\$ 1,632,107</b>	<b>\$ 10,469</b>	<b>\$ 731,356</b>	<b>\$ 35,801</b>	<b>\$ 2,409,733</b>
<b>Liabilities &amp; Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 57,889	\$ 7,469	\$ -	\$ -	\$ 65,358
Unearned Revenue	1,200	3,000	-	-	4,200
Interfunds Payable	486,200	-	612,882	-	1,099,082
<b>Total Liabilities</b>	<b>545,289</b>	<b>10,469</b>	<b>612,882</b>	<b>-</b>	<b>1,168,640</b>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Capital Reserve Account	141,091	-	-	-	141,091
Excess Surplus - Current Year	360,922	-	-	-	360,922
Excess Surplus Designated for Subsequent Year's Expenditures	475,256	-	-	-	475,256
Capital Projects Fund	-	-	118,474	-	118,474
Debt Service Fund	-	-	-	35,801	35,801
<b>Assigned:</b>					
Other Purposes	5,330	-	-	-	5,330
<b>Unassigned Fund Balance:</b>					
General Fund	104,219	-	-	-	104,219
<b>Total Fund Balances</b>	<b>1,086,818</b>	<b>-</b>	<b>118,474</b>	<b>35,801</b>	<b>1,241,093</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 1,632,107</b>	<b>\$ 10,469</b>	<b>\$ 731,356</b>	<b>\$ 35,801</b>	

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 \$18,991,420, and the accumulated depreciation is \$6,168,988.	12,822,432
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.	(12,427,418)
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.	447,724
Accrued interest payable and PERS pension payable are not recorded in the fund Financial Statements due to the fact that the payables are not due in the period.	(121,038)
<b>Net position of Governmental Activities</b>	<b>\$ 1,962,793</b>

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

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2015**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS JUNE 30, 2015
<b>Revenues:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 2,927,311	\$ -	\$ -	\$ 752,838	\$ 3,680,149
Tuition Charges	9,000	-	-	-	9,000
Interest Earned on Capital Reserve Funds	174	-	-	-	174
Miscellaneous	11,676	-	-	8,283	19,959
<b>Total Local Sources</b>	<b>2,948,161</b>	<b>-</b>	<b>-</b>	<b>761,121</b>	<b>3,709,282</b>
State Sources	1,994,736	-	240,401	183,669	2,418,806
Federal Sources	-	132,940	-	-	132,940
<b>Total Revenues</b>	<b>4,942,897</b>	<b>132,940</b>	<b>240,401</b>	<b>944,790</b>	<b>6,261,028</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Regular Instruction	1,562,500	105,686	-	-	1,668,186
Special Education Instruction	311,283	-	-	-	311,283
Other Special Instruction	88,261	-	-	-	88,261
<b>Support Services &amp; Undistributed Costs:</b>					
Tuition	150,868	-	-	-	150,868
Student & Instruction Related Services	539,848	27,254	-	-	567,102
General Administration	138,999	-	-	-	138,999
School Administrative Services	137,426	-	-	-	137,426
Central Services	124,784	-	-	-	124,784
Plant Operations & Maintenance	456,400	-	-	-	456,400
Pupil Transportation	335,198	-	-	-	335,198
Unallocated Benefits	968,344	-	-	-	968,344
<b>Debt Service:</b>					
Principal	-	-	-	453,000	453,000
Interest & Other Charges	-	-	-	599,472	599,472
Capital Outlay	8,133	-	601,002	-	609,135
<b>Total Expenditures</b>	<b>4,822,044</b>	<b>132,940</b>	<b>601,002</b>	<b>1,052,472</b>	<b>6,608,458</b>
<b>Excess/(Deficiency) of Revenues Over/ (Under) Expenditures</b>	<b>120,853</b>	<b>-</b>	<b>(360,601)</b>	<b>(107,682)</b>	<b>(347,430)</b>
<b>Other Financing Sources/(Uses):</b>					
Transfers In	-	-	253,200	-	253,200
Transfers Out	(253,200)	-	-	-	(253,200)
Proceeds of Refunding Bonds	-	-	-	11,096,928	11,096,928
Deposit to Refunding Escrow	-	-	-	(10,980,961)	(10,980,961)
<b>Total Other Financing Sources &amp; Uses</b>	<b>(253,200)</b>	<b>-</b>	<b>253,200</b>	<b>115,967</b>	<b>115,967</b>
<b>Net Change in Fund Balances</b>	<b>(132,347)</b>	<b>-</b>	<b>(107,401)</b>	<b>8,285</b>	<b>(231,463)</b>
Fund Balance - July 1	1,219,165	-	225,875	27,516	1,472,556
<b>Fund Balance - June 30</b>	<b>\$ 1,086,818</b>	<b>\$ -</b>	<b>\$ 118,474</b>	<b>\$ 35,801</b>	<b>\$ 1,241,093</b>

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

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ (231,463)

Amounts reported for governmental activities in the statement of activities (A-2), are different as follows:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount that exceeded capital outlays is as follows:

Depreciation Expense	\$ (579,449)	
Capital Asset Adjustment	13,058	
Capital Outlays	601,002	34,611

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statements of Net Position and is not reported in the Statement of Activities.

Bond Principal		453,000
----------------	--	---------

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

Bond Proceeds	(9,980,000)	
Bonds Refunded	10,550,000	570,000

Increase in compensated absences is not an expenditure in the governmental funds, but increases long-term liabilities in the statement of net position and is not reported in the statement of activities.

Prior Year	86,858	
Current Year	(66,595)	20,263

Government funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the Treatment of long-term debt and related activities.

Prior Year	(1,626)	
Current Year	(675,980)	(677,606)

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

Pension Expense - PERS Contribution - 2015	35,478	
Unfunded TPAF Pension Expense	(427,691)	
State Share of Unfunded TPAF Pension Expense	427,691	
Pension Expense	(44,541)	(9,063)

In the Statement of Activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a reduction in the reconciliation.

Prior Year	212,056	
Current Year	(94,066)	117,990

Change in Net Position of Governmental Activities \$ 277,732

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

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## Proprietary Funds

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2015**

	BUSINESS-TYPE ACTIVITIES -				GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUND	TOTALS JUNE 30, 2015
	FOOD SERVICE	SUMMER ENRICHMENT PROGRAMS	CERAMICS/ SCULPTURE CLASSES	CRAFT CLUB		
<b>ASSETS</b>						
Current Assets:						
Cash & Cash Equivalents	\$ -	\$ 1,882	\$ 7,683	\$ 1,450	\$ 377	\$ 11,392
Accounts Receivable	8,328	-	-	-	-	8,328
Total Current Assets	8,328	1,882	7,683	1,450	377	19,720
Noncurrent Assets:						
Furniture, Machinery & Equipment	100,391	-	-	-	-	100,391
Less: Accumulated Depreciation	(71,833)	-	-	-	-	(71,833)
Total Noncurrent Assets	28,558	-	-	-	-	28,558
Total Assets	36,886	1,882	7,683	1,450	377	48,278
<b>LIABILITIES</b>						
Current Liabilities:						
Cash Overdraft	8,328	-	-	-	-	8,328
Accounts Payable	-	-	-	-	377	377
Unearned Revenue	-	1,882	7,683	1,450	-	11,015
Total Liabilities	8,328	1,882	7,683	1,450	377	19,720
<b>NET POSITION</b>						
Net Investment in Capital Assets Unrestricted	28,558	-	-	-	-	28,558
Total Net Position	\$ 28,558	\$ -	\$ -	\$ -	\$ -	\$ 28,558

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

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET POSITION  
 AS OF JUNE 30, 2015**

	BUSINESS-TYPE ACTIVITIES -				GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUND	TOTALS JUNE 30, 2015
	FOOD SERVICE	SUMMER ENRICHMENT PROGRAMS	CERAMICS/SCULPTURE CLASSES	CRAFT CLUB		
Operating Revenues:						
Charges for Services:						
Program Fees	\$ -	\$ -	2,535	\$ -	\$ -	\$ 2,535
Shared Services Provided	-	-	-	-	60,720	60,720
Total Operating Revenues	-	-	2,535	-	60,720	63,255
Operating Expenses:						
Salaries & Benefits	-	-	1,550	-	60,720	62,270
Supplies & Materials	-	-	985	-	-	985
Depreciation	6,775	-	-	-	-	6,775
Total Operating Expenses	6,775	-	2,535	-	60,720	70,030
Operating Income/(loss)	(6,775)	-	-	-	-	(6,775)
Income/(Loss) Before Contributions & Transfers	(6,775)	-	-	-	-	(6,775)
Change in Net Position	(6,775)	-	-	-	-	(6,775)
Total Net Position - Beginning	35,333	-	-	-	-	35,333
Total Net Position - Ending	\$ 28,558	\$ -	\$ -	\$ -	\$ -	\$ 28,558

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

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
PROPRIETARY FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
AS OF JUNE 30, 2015**

	BUSINESS-TYPE ACTIVITIES -				GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUND	TOTALS JUNE 30, 2015
	FOOD SERVICE	SUMMER ENRICHMENT PROGRAMS	CERAMICS/ SCULPTURE CLASSES	CRAFT CLUB		
\$ - \$	(1,425) \$	2,695 \$	- \$	65,174 \$	66,444	
-	-	(1,550)	-	(60,343)	(61,893)	
-	-	(985)	-	-	(985)	
-	(1,425)	160	-	4,831	3,566	
-	(1,425)	160	-	4,831	3,566	
(8,328)	3,307	7,523	1,450	(4,454)	(502)	
<u>\$ (8,328) \$</u>	<u>1,882 \$</u>	<u>7,683 \$</u>	<u>1,450 \$</u>	<u>377 \$</u>	<u>3,064</u>	

Cash Flows From Operating Activities  
 Receipts from Customers  
 Payments to Employees  
 Payments to Suppliers  
 Net Cash Provided/(Used) by Operating Activities:  
 Net Increase/(Decrease) in Cash & Cash Equivalents  
 Balances - Beginning of Year  
 Balances - End of Year

**Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:**

\$ (6,775) \$	- \$	- \$	- \$	- \$	(6,775)
6,775	-	-	-	-	6,775
-	-	-	-	377	-
-	(1,425)	160	-	4,454	3,189
<u>6,775</u>	<u>(1,425)</u>	<u>160</u>	<u>-</u>	<u>4,831</u>	<u>9,964</u>
\$ - \$	(1,425) \$	160 \$	- \$	4,831 \$	3,189

Operating Income/(Loss)  
 Adjustments to Reconcile Operating Income/(Loss) to  
 Net Cash Provided/(Used) by Operating Activities  
 Depreciation & Net Amortization  
 Changes in Assets & Liabilities:  
 Increase/(Decrease) in Accounts Payable  
 Increase/(Decrease) in Unearned Revenue  
 Total Adjustments  
 Net Cash Provided/(Used) by Operating Activities:

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

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Fiduciary Fund

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMPARATIVE COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2015**

ASSETS	AGENCY		2015
	STUDENT ACTIVITY	PAYROLL	
Cash & Cash Equivalents	\$ 68,689	\$ 2,249	\$ 70,938
Total Assets	68,689	2,249	70,938
<b>LIABILITIES</b>			
Payroll Deductions & Withholdings	-	4	4
Interfund Accounts Payable	-	2,245	2,245
Due to Student Groups	68,689	-	68,689
Total Liabilities	68,689	2,249	70,938
<b>NET POSITION</b>			
Reserved	-	-	-
Unreserved	-	-	-
Total Net Position	\$ -	\$ -	\$ -

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

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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## SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

#### Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the South Harrison Township School District have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounting policies.

For the year ended June 30, 2015, the District implemented the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits.

#### **Reporting Entity**

The South Harrison Township School District is a Type II district located in the County of Gloucester, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members appointed to three-year terms. The District provides a full range of educational services appropriate to grade levels K through 6. These include regular, vocational, as well as special education for handicapped youngsters. The South Harrison Township Board of Education had an approximate enrollment at June 30, 2015 of 389 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- ◆ the organization is legally separate (can sue or be sued in their own name)
- ◆ the District holds the corporate powers of the organization
- ◆ the District appoints a voting majority of the organization's board
- ◆ the District is able to impose its will on the organization
- ◆ the organization has the potential to impose a financial benefit/burden on the District
- ◆ there is a fiscal dependency by the organization on the District

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

#### **Component Units**

GASB Statement No.14, *The Financial Reporting Entity*, provides 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 Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The District had no component units as of for the year ended June 30, 2015.

# **SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015**

### **Note 1. Summary of Significant Accounting Policies (continued):**

#### **Government-Wide Financial Statements**

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

#### **Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The District's deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

## **SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015**

#### **Note 1. Summary of Significant Accounting Policies (continued):**

##### **Proprietary Fund Financial Statements**

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

##### **Fiduciary Fund Financial Statements**

Fiduciary fund financial statements include a Statement of Net Position. The District’s fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

##### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

## SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

#### Note 1. Summary of Significant Accounting Policies (continued):

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current \ fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Food Service Fund, School Store Fund, Little Pioneers Fund and Summer Camps Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District maintains a Business Administrator Shared Services agreement in the Internal Service Funds.

The District reports the following major governmental funds:

**General Fund** - The general fund is the general operating fund of the 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 noninstructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey Department of Education the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 1. Summary of Significant Accounting Policies (continued):**

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, interest earnings and appropriated fund balance. Expenditures are those that 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. These resources can be transferred from and to Current Expense by board resolution.

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

**Capital Projects Fund** - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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

The District reports the following major proprietary fund:

**Food Service Fund** – Kingsway Regional School District accounts for the revenues and expenses pertaining to the District’s cafeteria operations, however the District does maintain the capital assets until required by the agreement.

**Summer Enrichment Programs** – This fund accounts for the revenues and expenses pertaining to the District’s Summer Enrichment Programs.

**Ceramics/Sculpture Classes** – This fund accounts for the revenues and expenses pertaining to the District’s Ceramics/Sculpture Classes.

**Craft Club** – This fund accounts for the revenues and expenses pertaining to the District’s Craft Club.

Additionally, the District reports the following major fiduciary funds:

**Agency Funds** - Agency funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity’s own operating programs. The district currently maintains Payroll funds and Student Activity Funds as Agency Funds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from

## SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

#### **Note 1. Summary of Significant Accounting Policies (continued):**

other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

#### **Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2-2(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:23-2-11.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules 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 Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 1. Summary of Significant Accounting Policies (continued):**

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 last 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. Open encumbrances in governmental funds other than the special revenue fund are reported as assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as a reduction of the accounts receivables or as unearned 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 and Cash Equivalents**

Cash and Cash equivalents 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. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost.

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

Additionally, 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 loss of funds on deposit with a failed banking institution in New Jersey.

*N.J.S.A.17:9-41* et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 1. Summary of Significant Accounting Policies (continued):**

**Tuition Payable/Receivable**

Tuition rates for the fiscal year end June 30, 2015 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**Inventories**

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

**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 District and that are due within one year. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

**Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated lives:

Site Improvements	20 Years
Building & Improvements	20-50 Years
Machinery and Equipment	5–20 Years

**Compensated Absences**

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

## SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

#### Note 1. Summary of Significant Accounting Policies (continued):

In the Government-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

#### Unearned Revenue

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

#### Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government 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.

#### Use of Estimates

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

#### Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- Non-spendable – This 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. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent

## SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

#### Note 1. Summary of Significant Accounting Policies (continued):

that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2015.

- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

#### Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in 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 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 District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

#### Impact of Recently Issued Accounting Principles

##### Recently Issued and Adopted Accounting Pronouncements

The GASB issued Statement 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement 27* effective for fiscal years beginning after June 15, 2014. GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of

## **SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015**

#### **Note 1. Summary of Significant Accounting Policies (continued):**

existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

#### **Bond Premiums, Discounts and Issuance Costs**

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

#### **Deferred Loss on Refunding Debt**

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

#### **Deferred Outflows and Deferred 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 periods and so will not be recognized as an inflow of resources (revenue) until that time.

#### **Subsequent Events**

The District has evaluated subsequent events occurring after June 30, 2015 through the date of December 4, 2015, which is the date the financial statements were available to be issued.

#### **Pensions Section**

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 pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 2. Cash and Investments**

**Cash Deposits**

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2015, the District’s bank balance of \$1,232,598 was exposed to custodial credit risk as follows:

Insured Under FDIC	\$ 250,005
Collateralized by securities held by Pledging financial institution	836,402
Uninsured & Uncollateralized	<u>146,191</u>
Total	<u>\$1,232,598</u>

**Investments**

New Jersey statutes permit the Board to purchase the following types of securities:

1. Bonds and other obligations of the United State or obligations guaranteed by the United States.
2. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank , which have a maturity date not greater than twelve months from the date of purchase.
3. New Jersey Cash Management Fund, New Jersey Asset and Rebate Management Fund and MBIA CLASS.

Custodial credit risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have custodial credit risk policies for investments.

Interest rate risk - This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 2. Cash Deposits and Investments (continued):**

Concentrations - The District places no limit in the amount the District may invest in any one issuer

As of June 30, 2015, the District had no investments.

**Note 3. Accounts Receivable**

Accounts receivable at June 30, 2015 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School 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>
Intergovernmental	\$ 12,154	\$ 8,148	\$ 245,151	\$ 8,328	\$ 273,781
Total	<u>\$ 12,154</u>	<u>\$ 8,148</u>	<u>\$ 245,151</u>	<u>\$ 8,328</u>	<u>\$ 273,781</u>

**Note 4. Capital Reserve Account**

A capital reserve account was established by the South Harrison Township Board of Education by inclusion on September 26, 2000 of \$100, which was certified for taxes and for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriated 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.6:23A-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.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 4. Capital Reserve Account (continued):**

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$	174,117
Interest Earnings		174
Board Approved Transfer		100,000
Withdrawals		(133,200)
		(133,200)
Ending Balance, June 30, 2015	\$	141,091

**Note 5. Capital Assets**

The following schedule is a summarization of the capital assets by source for the fiscal year ended June 30, 2015:

	<u>2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>2015</u>
<u>Non-Depreciable Assets</u>					
Land	\$ 18,937	\$ -	\$ -	\$ -	\$ 18,937
Construction in Progress	11,875	-	-	(11,875)	-
					-
Total Non-Depreciable Assets	30,812	-	-	(11,875)	18,937
<u>Depreciable Assets</u>					
Site and Site Improvements	123,418	-	-	-	123,418
Buildings and Improvements	17,111,049	601,002	-	11,875	17,723,926
Machinery & Equipment	1,112,081	-	-	13,058	1,125,139
					1,125,139
Subtotal	18,377,360	601,002	-	13,058	18,991,420
<u>Accumulated Depreciation</u>					
Site and Site Improvements	(117,748)	(2,029)	-	-	(119,777)
Buildings and Improvements	(4,683,871)	(499,401)	-	-	(5,183,272)
Machinery & Equipment	(787,920)	(78,019)	-	-	(865,939)
					(865,939)
Subtotal	(5,589,539)	(579,449)	-	-	(6,168,988)
Total	\$ 12,787,821	\$ 21,553	\$ -	\$ 13,058	\$ 12,822,432

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 5. Capital Assets (continued):**

The following is a summary of proprietary fund type fixed assets at June 30, 2015:

	June 30 2014	Additions	Deletions	June 30 2015
Depreciable Assets:				
Equipment	\$ 100,391	\$ -	\$ -	\$ 100,391
Subtotal	100,391	-	-	100,391
Accumulated Depreciation:				
Equipment	(65,058)	(6,775)	-	(71,833)
Total	\$ 35,333	\$ (6,775)	\$ -	\$ 28,558

**Note 6. Long-Term Obligations**

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

	June 30, 2014	Additions	Retired	June 30, 2015	Due Within One Year
General Obligations Bonds	\$ 11,473,000	\$ 9,980,000	\$ 11,003,000	\$ 10,450,000	\$ 550,000
Net Pension Obligation	802,319	3,427	-	805,746	-
Unamortized Premium	1,083	1,116,928	12,934	1,105,077	71,104
Compensated Absences Payable	86,858	-	20,263	66,595	-
Total Long-Term Obligations	\$ 12,363,260	\$ 11,100,355	\$ 11,036,197	\$ 12,427,418	\$ 621,104

**A. Bonds Payable**

Bonds 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 general obligation bonds.

On February 15, 2003, the District issued \$427,000 in general obligation bonds at 3.50% for a school renovation project. The final maturity of the bonds is 2013. Also on February 15, 2003; the District issued \$1,306,000 in general obligation bonds at 3.50% for school refunding bonds. The final maturity of the bonds is 2015: On December 20, 2005, the District issued \$9,801,000 in general obligation bonds for the construction of additions and renovations to South Harrison Schools. The bonds carry interest rates ranging from 4.125% to 4.250% and mature in 2031. On September 15, 2006, the District issued \$2,871,000 in general obligation bonds for the continuation of the construction of additions and

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 6. Long-Term Obligations (continued):**

renovations to South Harrison Schools. The bonds carry interest rates ranging from 4.30% to 4.35% and mature in 2031. During 2015, these obligations were refunded and the only remaining principal balances were the obligations due on January 15, 2016.

On April 21, 2015, the School District issued \$9,980,000 in Refunding Bonds with interest rates ranging from 1.50% to 5.00% to advance refund \$8,185,000 of outstanding 2005 General Obligation Bonds with interest rates ranging from 4.125% to 4.250% and \$2,365,000 of outstanding 2006 General Obligation Bonds with interest rates ranging from 4.30% to 4.35%. As a result of the Refunding Bonds, the District had a net present value savings of \$978,765 based on the yield for the Refunding Bonds.

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

Year Ending June 30,	Principal	Interest	Total
2016	\$ 550,000.00	\$ 311,327.91	\$ 861,327.91
2017	470,000.00	396,650.00	866,650.00
2018	490,000.00	382,550.00	872,550.00
2019	515,000.00	362,950.00	877,950.00
2020	540,000.00	337,200.00	877,200.00
2021-2025	3,095,000.00	1,346,400.00	4,441,400.00
2026-2030	3,895,000.00	660,400.00	4,555,400.00
2031	895,000.00	35,800.00	930,800.00
Total	<u>\$ 10,450,000.00</u>	<u>\$ 3,833,277.91</u>	<u>\$ 14,283,277.91</u>

**B. Bonds Authorized But Not Issued**

As of June 30, 2015, the District had no authorized but not issued bonds.

**C. Interest Expense**

No interest expense was capitalized during the fiscal year ending June 30, 2015. Interest expense totaling \$483,505 was paid by the debt service fund for the fiscal year ending June 30, 2015.

**D. Compensated Absences**

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

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 7. Operating Leases**

At June 30, 2015, the District had operating lease agreements in effect for copy machines. Future minimum lease payments are as follows:

Year Ending June 30,	Amount
2016	\$ 6,826
Total future minimum lease payments	\$ 6,826

Lease payments under operating leases for the fiscal year ended June 30, 2015 were \$7,446.

**Note 8. Pension Plans**

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

**Plan Description** - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/5 5th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 8: Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Basis of Presentation** - The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating

employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

**Three-Year Trend Information for PERS**

<b>Year Funded</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/2015	\$ 35,478	100%	\$ 805,746
6/30/2014	31,631	100%	802,319
6/30/2013	24,287	100%	-

**Components of Net Pension Liability** - At June 30, 2015, the District reported a liability of \$805,746 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The District's proportion of the net pension liability

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 8: Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2014. The District's proportion measured as of June 30, 2014, was .00430%, which was an increase of .00010% from its proportion measured as of June 30, 2013.

Collective Balances at June 30, 2015 and June 30, 2014

	<u>6/30/2015</u>	<u>6/30/2014</u>
	July 1, 2014	July 1, 2013
Actuarial valuation date		
Deferred Outflows of Resources	\$ 69,354	\$ 35,478
Deferred Inflows of Resources	\$ 48,018	\$ -
Net Pension Liability	\$ 805,746	\$ 802,319
District's portion of the Plan's total net pension Liability	0.00430%	0.00420%

**Pension Expense and Deferred Outflows/Inflows of Resources** - For the year ended June 30, 2015, the District recognized pension expense of \$44,541. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 25,337	\$ -
Net difference between projected and actual earnings on pension plan investments	-	48,018
Changes in proportion and differences between District contributions and proportionate share of contributions	17,045	-
District contributions subsequent to the measurement date	26,972	-
Total	<u>\$ 69,354</u>	<u>\$ 48,018</u>

The \$26,972 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 pension liability in the

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 8: Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	<u>PERS</u>
2016	\$ (3,023)
2017	(3,023)
2018	(3,023)
2019	(3,023)
2020	(3,023)
Thereafter	9,477

**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:

	<u>PERS</u>
Measurement date	June 30, 2014
Actuarial valuation date	July 1, 2013
Interest rate	7.90%
Salary scale	2012-2021 - 2.15-4.40% Based on Age Thereafter - 3.15-5.40% Based on Age
Inflation rate	3.01%

Mortality rates were based on the RP-2000 Combined Healthy Male or Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from 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

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 8: Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

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	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate - Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%
Total	100%	

**Discount Rate** - The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% as of June 30, 2014, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rates and that contributions from employers will be made 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 Collective Net Pension Liability to Changes in the Discount Rate** - The following presents the collective net pension liability of the participating employers as of June 30, 2014, calculated using the discount rate as disclosed above, as well as what the collective 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:

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 8: Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

	<u>1%</u> <u>Decrease</u> <u>(4.39%)</u>	<u>Current</u> <u>Discount</u> <u>Rate (5.39%)</u>	<u>1%</u> <u>Increase</u> <u>(6.39%)</u>
District's proportionate share of the net pension liability	1,013,656	805,746	631,154

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

**Plan Description** - The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

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

The following represents the membership tiers for TPAF:

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

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

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 8: Pension Obligations (continued)**

**B. Teachers' Pension and Annuity Fund (TPAF) (continued)**

**Basis of Presentation** - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions** - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability.

Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount.

**Special Funding Situation** - The employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

**Three-Year Trend Information for TPAF Pension & Post Retirement Medical Contributions  
(Paid on behalf of the District)**

Year Funded	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2015	\$ 257,708	100%	-
6/30/2014	204,735	100%	-
6/30/2013	235,177	100%	-

**Teachers Pensions and Annuity Fund (TPAF)** - 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

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 8: Pension Obligations (continued)**

**B. Teachers' Pension and Annuity Fund (TPAF) (continued)**

employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

	<u>TPAF</u>
Measurement date	June 30, 2014
Actuarial valuation date	July 1, 2013
Interest rate	7.90%
Salary scale	Varies Based On Experience
Inflation rate	2.50%

Mortality rates 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 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:

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 8: Pension Obligations (continued)**

**B. Teachers' Pension and Annuity Fund (TPAF) (continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%
Total	<u>100%</u>	

**Discount rate** - The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the State will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS & TPAF financial report.

## **SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015**

#### **Note 9. Post-Retirement Benefits**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 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.

#### **Note 10. Compensated Absences**

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after four years of service.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net assets under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2015 is \$66,595.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2015 no liability existed for compensated absences in the proprietary fund types.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 11. Deferred Compensation**

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

Lincoln Investments      Travelers

**Note 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; injuries to employees; and natural disasters.

**Property and Liability Insurance** – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**GCSSDJIF** - Gloucester, Cumberland, Salem School Districts Joint Insurance Fund public entity risk pool. Coverage under this joint plan offers workers' compensation, boiler and machinery, automobile liability, general liability, property, crime, school board legal liability and pollution legal liability coverage. The District is assessed for the contributions for those funds and is responsible for any reserve deficiencies. No contingency provision has been made in these financial statements as no deficiencies occurred as of June 30, 2015 for the joint insurance pool.

**Note 13. Interfund Receivables and Payables**

The following interfund balances remained on the balance sheet at June 30, 2015:

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
General Fund	\$ 615,127	\$ 486,200
Capital Projects Fund	486,200	612,881
Fiduciary Funds	-	2,246
	<u>\$ 1,101,327</u>	<u>\$ 1,101,327</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 13. Interfund Receivables and Payables (continued):**

The summary of interfund transfers follows:

<b>Fund</b>	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ 613,637	\$ 253,200
Capital Projects Fund	253,200	612,881
Fiduciary Funds	-	756
	<u>\$ 866,837</u>	<u>\$ 866,837</u>

The purpose of interfunns transfers were for the liquidation of prior year interfund receivables and payables and for payments made on behalf of other funds.

**Note 14. Contingent Liabilities**

The Board is not involved in any claims or lawsuits incidental to its operations that will, in the opinion of the administration and legal counsel, have a material adverse effect on the financial position of the District.

**Note 15. Fund Balance Disclosures**

**General Fund (Exhibit B-1)** – Of the \$1,086,818 General Fund balance at June 30, 2015; \$5,330 has been assigned for other purposes; \$141,091 has been restricted for Capital Reserve; \$475,256 has been restricted as excess surplus and has been appropriated and included as anticipated revenue for year ending June 30, 2014; \$360,922 has been restricted for excess surplus and \$104,219 is unassigned.

**Capital Projects Fund (Exhibit B-1)** – The fund balance of \$118,474 has been restricted for the Capital Projects Fund.

**Debt Service Fund (Exhibit B-1)** – The fund balance of \$35,801 has been restricted for the Debt Service Fund.

**Note 16. Calculation of Excess Surplus**

In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey School Funding Reform Act of 2008 (SFRA). 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 \$360,922.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 17. Deficit Unrestricted Net Position**

As reflected on Exhibit A-1, Statement of Net position, a deficit in unrestricted net position of \$(1,541,183) existed as of June 30, 2015 for governmental activities. The primary causes of this deficit is the District not recognizing the receivable for the last two state aid payments and the recording of the long-term liability for compensated absences and net pension. In accordance with full accrual accounting, which is the basis of accounting for Exhibit A-1, Statement of Net position, such liabilities are required to be recorded in the period in which they are incurred. However, in accordance with the rules and regulations that govern the District in the formulation of their annual budget (see Note 1), compensated absences and pension liabilities that relate to future services, or that are contingent on a specific event outside the control of the District and its employees, are funded in the period in which such services are rendered or in which such events that place. Therefore, this deficit in unrestricted net position for governmental activities does not indicate that the District is facing financial difficulties.

**Note 18. Transfer of Food Service Operations**

Effective July 22, 2013, the South Harrison Township School District agreed to transfer authority to operate the National School Lunch Program to the Kingsway Regional School District. Kingsway Regional School District has agreed to accept all legal and financial authority for the operation of this program.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Note 19. Prior Period Adjustment/Restatement of Net Position**

Net position as of July 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

	Governmental Activities
Net Position as previously reported at June 30, 2014	\$2,487,380
Prior period adjustment - Implementation of GASB 68: Net Pension Liability (measurement date as of June 30, 2013)	(802,319)
Deferred Outflows – district contributions made during fiscal year 2014	35,478
PERS Pension Payable (2015 district PERS Pension Contribution)	<u>(35,478)</u>
Total prior period adjustment	<u>(802,319)</u>
Net Position as restated, July 1, 2014.	<u>\$ 1,685,061</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

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### C. Budgetary Comparison Schedules

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	JUNE 30, 2015			VARIANCE FINAL TO ACTUAL FAVORABLE/ UNFAVORABLE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Revenues:					
Local Sources:					
Local Tax Levy	10-1210-000-000	\$ 2,927,311	\$ -	\$ 2,927,311	\$ -
Tuition	10-1300-000-000	9,000	-	9,000	-
Interest Earned on Capital Reserve	10-1000-000-000	100	-	100	74
Miscellaneous	10-1000-000-000	12,000	-	12,000	(324)
<b>Total Local Sources</b>		<b>2,948,411</b>	<b>-</b>	<b>2,948,411</b>	<b>(250)</b>
State Sources:					
School Choice Aid	10-3116-000-000	286,530	-	286,530	267,428
Categorical Special Education Aid	10-3132-000-000	207,121	-	207,121	207,121
Equalization Aid	10-3176-000-000	888,987	-	888,987	888,987
Categorical Security Aid	10-3177-000-000	26,008	-	26,008	26,008
Categorical Transportation Aid	10-3121-000-000	31,891	-	31,891	31,891
Under Adequacy Aid	10-3xxx-000-000	6,832	-	6,832	6,832
Supplemental Enrollment Growth Aid	10-3xxx-000-000	149,760	-	149,760	149,760
Other State Aids	10-3200-000-000	7,380	-	7,380	12,426
Nonbudgeted:					
On-Behalf TPAF Pension Contributions		-	-	-	99,598
On-Behalf TPAF Post Retirement Medical		-	-	-	158,110
Reimbursed TPAF Social Contributions		-	-	-	139,453
<b>Total State Sources</b>		<b>1,604,509</b>	<b>-</b>	<b>1,604,509</b>	<b>383,105</b>
<b>Total Revenues</b>		<b>4,552,920</b>	<b>-</b>	<b>4,552,920</b>	<b>382,855</b>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	JUNE 30, 2015			VARIANCE FINAL TO ACTUAL FAVORABLE/ UNFAVORABLE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Expenditures:					
Current Expense:					
Instruction - Regular Programs:					
Salaries of Teachers:					
Kindergarten	11-110-100-101	159,258	(18,373)	140,885	130,607
Grades 1 - 5	11-120-100-101	1,021,365	36,851	1,058,216	1,058,215
Grades 6 - 8	11-130-100-101	139,661	14,206	153,867	152,422
Instruction - Regular Programs:					
Home Instruction:					
Salaries of Teachers	11-150-100-101	1,000	665	1,665	1,665
Purchased Professional - Educational Services	11-150-100-320	1,000	(610)	390	390
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	11-190-100-106	20,751	6,632	27,383	26,320
Purchased Technical Services	11-190-100-340	40,890	(8,217)	32,673	32,550
Other Purchased Services	11-190-100-500	32,950	(1,794)	31,156	30,378
General Supplies	11-190-100-610	39,300	56,831	96,131	92,900
Textbooks	11-190-100-640	39,700	(2,403)	37,297	36,507
Other Objects	11-190-100-800	1,500	1,551	3,051	546
<b>Total Regular Programs - Instruction</b>		<b>1,497,375</b>	<b>85,339</b>	<b>1,582,714</b>	<b>1,562,500</b>
Special Education:					
Learning & Language Disabilities:					
Salaries of Teachers	11-204-100-101	268,099	(35,717)	232,382	205,776
Other Salaries for Instruction	11-204-100-106	16,315	11,382	27,697	27,676
General Supplies	11-204-100-610	4,000	2,452	6,452	6,452
Textbooks	11-204-100-640	500	2,780	3,280	3,278
Other Objects	11-204-100-800	25	-	25	-
<b>Total Learning &amp; Language Disabilities</b>		<b>288,939</b>	<b>(19,103)</b>	<b>269,836</b>	<b>243,182</b>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	11-215-100-101	55,640	749	56,389	55,825
Other Salaries for Instruction	11-215-100-106	11,575	86	11,661	11,501
General Supplies	11-215-100-610	1,500	392	1,892	775
Other Objects	11-215-100-800	500	(500)	-	-
<b>Total Preschool Disabilities - Part-Time</b>		<b>69,215</b>	<b>727</b>	<b>69,942</b>	<b>68,101</b>
<b>Total Special Education</b>		<b>358,154</b>	<b>(18,376)</b>	<b>339,778</b>	<b>311,283</b>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	JUNE 30, 2015			VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Basic Skills/Remedial:					
Salaries of Teachers	11-230-100-101	56,773	(2,928)	53,845	35,348
Other Salaries for Instruction	11-230-100-106	34,777	13,261	48,038	45,633
General Supplies	11-230-100-610	750	1,225	1,975	1,948
					27
Total Basic Skills/Remedial		92,300	11,558	103,858	82,929
School Sponsored Co-curricular Activities:					
Salaries	11-401-100-100	2,800	2,532	5,332	5,332
Supplies and Materials	11-401-100-600	1,120	-	1,120	-
					1,120
Total School Sponsored Co-curricular Activities		3,920	2,532	6,452	5,332
Before/After School Programs - Instruction:					
Salaries	11-421-100-101	3,000	(2,532)	468	-
Supplies and Materials	11-421-100-600	280	-	280	-
					280
Total Before/After School Programs - Instruction		3,280	(2,532)	748	-
					748
Total Instruction		1,955,029	78,521	2,033,550	1,962,044
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEA's -State Regular	11-000-100-561	10,000	-	10,000	-
Tuition to Other LEA's -State Special	11-000-100-562	267,602	(65,509)	202,093	121,108
Tuition to County Special Services and Regional Day Schools	11-000-100-565	-	38,262	38,262	29,760
					8,502
Total Undistributed Expenditures - Instruction		277,602	(27,247)	250,355	150,868
Attendance & Social Work Services:					
Salaries of Teachers	11-000-211-100	6,765	-	6,765	6,765
Purchased Professional & Technical Services	11-000-211-300	5,000	-	5,000	375
					4,625
Total Attendance & Social Work Services		11,765	-	11,765	7,140
					4,625

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	ORIGINAL BUDGET	JUNE 30, 2015		ACTUAL	VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
			BUDGET TRANSFERS	FINAL BUDGET		
Health Services:						
Salaries	11-000-213-100	57,544	2,527	60,071	60,071	-
Purchased Professional & Technical Services	11-000-213-300	1,590	-	1,590	1,525	65
Other Purchased Services	11-000-213-500	350	220	570	570	-
Supplies and Materials	11-000-213-600	3,000	5,067	8,067	8,064	3
Other Objects	11-000-213-800	150	-	150	85	65
Total Health Services		62,634	7,814	70,448	70,315	133
Speech, OT, PT & Related Services:						
Purchased Professional - Educational Services	11-000-216-320	153,500	(7,645)	145,855	139,621	6,234
Total Speech, OT, PT & Related Services		153,500	(7,645)	145,855	139,621	6,234
Special Education - Extraordinary Services:						
Salaries	11-000-217-100	61,291	(22,882)	38,409	36,983	1,426
Total Special Education - Extraordinary Services		61,291	(22,882)	38,409	36,983	1,426
Guidance:						
Salaries of Other Professional Staff	11-000-218-104	32,232	9,008	41,240	32,992	8,248
Other Purchased Professional & Technical Services	11-000-218-390	510	-	510	-	510
Supplies and Materials	11-000-218-600	2,000	(1,294)	706	140	566
Total Guidance		34,742	7,714	42,456	33,132	9,324
Child Study Teams:						
Salaries of Other Professional Staff	11-000-219-104	112,318	(294)	112,024	96,858	15,166
Salaries of Secretarial & Clerical Assistants	11-000-219-105	6,468	6,042	12,510	11,906	604
Purchased Professional - Educational Services	11-000-219-320	10,000	(836)	9,164	5,651	3,513
Purchased Professional & Technical Services	11-000-219-390	16,600	10,939	27,539	26,851	688
Other Purchased Services	11-000-219-500	6,200	-	6,200	6,082	118
Miscellaneous Purchased Services	11-000-219-592	400	-	400	312	88
Supplies and Materials	11-000-219-600	1,500	1,380	2,880	2,681	199
Other Objects	11-000-219-800	100	15	115	115	-
Total Child Study Teams		153,586	17,246	170,832	150,456	20,376

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	JUNE 30, 2015			VARIANCE FINAL TO ACTUAL FAVORABLE/ UNFAVORABLE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Instructional Staff Training Services:					
Purchased Professional - Educational Services	11-000-223-320	1,500	(1,500)	-	-
Other Purchased Services	11-000-223-500	1,000	1,933	2,933	2,817
		2,500	433	2,933	2,817
Total Instructional Staff Training Services					116
Educational Media Services/School Library:					
Salaries	11-000-222-100	59,063	(2,527)	56,536	37,085
Other Purchased Services	11-000-222-500	2,000	591	2,591	-
Supplies and Materials	11-000-222-600	2,550	(1,455)	1,095	794
		63,613	(3,391)	60,222	40,470
Total Educational Media Services/School Library					19,752
Training Services - Instructional Staff:					
Salaries of Secretarial and Clerical Assistants	11-000-221-105	-	5,440	5,440	5,437
Other Salaries	11-000-221-110	12,750	550	13,300	13,299
Purchased Professional - Educational Services	11-000-221-320	50,000	(6,423)	43,577	40,000
Supplies and Materials	11-000-221-600	1,000	-	1,000	178
		63,750	(433)	63,317	58,914
Total Training Services - Instructional Staff					4,403
Support Services General Administration:					
Salaries	11-000-230-100	5,381	1,808	7,189	7,188
Legal Services	11-000-230-331	20,000	-	20,000	15,358
Audit Fees	11-000-230-332	17,000	-	17,000	16,600
Other Purchased Professional Services	11-000-230-339	14,500	6,946	21,446	21,445
Purchased Technical Services	11-000-230-340	55,640	(5,452)	50,188	47,489
Communications/Telephone	11-000-230-530	12,200	-	12,200	10,275
BOE Other Purchased Services	11-000-230-585	1,500	-	1,500	537
Other Purchased Services	11-000-230-590	26,534	(11,859)	14,675	13,800
General Supplies	11-000-230-610	2,500	353	2,853	2,659
BOE In-House Training/Meeting Supplies	11-000-230-630	120	-	120	-
Miscellaneous Expenditures	11-000-230-890	2,000	-	2,000	960
BOE Membership Dues & Fees	11-000-230-895	3,500	-	3,500	2,688
		160,875	(8,204)	152,671	138,999
Total Support Services General Administration					13,672

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	JUNE 30, 2015			ACTUAL	VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
<b>Support Services School Administration:</b>						
Salaries of Principals	11-000-240-103	98,838	10,511	109,349	109,349	-
Salaries of Secretarial and Clerical	11-000-240-105	27,059	1,957	29,016	27,059	1,957
Other Purchased Services	11-000-240-500	250	-	250	75	175
Supplies and Materials	11-000-240-600	2,500	(187)	2,313	943	1,370
Other Objects	11-000-240-800	1,630	-	1,630	-	1,630
<b>Total Support Services School Administration</b>		<b>130,277</b>	<b>12,281</b>	<b>142,558</b>	<b>137,426</b>	<b>5,132</b>
<b>Central Services:</b>						
Salaries	11-000-251-100	98,626	(1,087)	97,539	96,261	1,278
Purchased Professional Services	11-000-251-330	550	-	550	-	550
Purchased Technical Services	11-000-251-340	22,110	-	22,110	19,870	2,240
Miscellaneous Purchased Services	11-000-251-592	5,410	-	5,410	2,099	3,311
Supplies and Materials	11-000-251-600	5,500	(296)	5,204	4,058	1,146
Miscellaneous Expenditures	11-000-251-890	2,200	296	2,496	2,496	-
<b>Total Central Services</b>		<b>134,396</b>	<b>(1,087)</b>	<b>133,309</b>	<b>124,784</b>	<b>8,525</b>
<b>Allowable Maintenance for School Facilities:</b>						
Cleaning, Repair & Maintenance Services	11-000-261-420	90,315	-	90,315	88,643	1,672
General Supplies	11-000-261-610	1,080	-	1,080	735	345
Other Objects	11-000-261-800	55	-	55	-	55
<b>Total Allowable Maintenance for School Facilities</b>		<b>91,450</b>	<b>-</b>	<b>91,450</b>	<b>89,378</b>	<b>2,072</b>
<b>Custodial Services:</b>						
Salaries	11-000-262-100	-	500	500	-	500
Salaries of Noninstructional Aides	11-000-262-107	15,527	(7,131)	8,396	5,165	3,231
Purchased Professional & Technical Services	11-000-262-300	5,412	-	5,412	800	4,612
Cleaning, Repair & Maintenance Services	11-000-262-420	201,200	(9,228)	191,972	184,337	7,635
Other Purchased Property Services	11-000-262-490	1,083	(1)	1,082	-	1,082
Insurance	11-000-262-520	7,393	1,317	8,710	8,710	-
Miscellaneous Purchased Services	11-000-262-590	54	-	54	-	54
General Supplies	11-000-262-610	18,648	-	18,648	8,837	9,811
Energy (Natural Gas)	11-000-262-621	27,772	20,728	48,500	38,736	9,764
Energy (Electricity)	11-000-262-622	144,000	(11,500)	132,500	120,437	12,063
<b>Total Custodial Services</b>		<b>421,089</b>	<b>(5,315)</b>	<b>415,774</b>	<b>367,022</b>	<b>48,752</b>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	JUNE 30, 2015			VARIANCE FINAL TO ACTUAL FAVORABLE/ UNFAVORABLE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Care & Upkeep of Grounds: Cleaning, Repair & Maintenance Services	11-000-263-420	5,000	-	5,000	5,000
<b>Total Care &amp; Upkeep of Grounds</b>		<b>5,000</b>	<b>-</b>	<b>5,000</b>	<b>5,000</b>
Student Transportation Services: Salaries for Pupil Transportation (Between Home & School) - Regular	11-000-270-160	16,173	-	16,173	-
Contracted Services (Between Home & School) - Vendors	11-000-270-511	189,507	-	189,507	7,554
Contracted Services (Other Than Between Home & School) - Vendors	11-000-270-512	2,000	-	2,000	2,000
Contracted Services (Special Education) Joint Agreements	11-000-270-515	175,925	-	175,925	64,550
Contracted Service - Aid in Lieu of Payments	11-000-270-503	35,000	-	35,000	9,453
Miscellaneous Purchased Services - Transportation	11-000-270-590	200	-	200	200
Supplies and Materials	11-000-270-600	300	-	300	300
Other Objects	11-000-270-800	150	-	150	-
<b>Total Student Transportation Services</b>		<b>419,255</b>	<b>-</b>	<b>419,255</b>	<b>84,057</b>
Unallocated Benefits - Employee Benefits: Social Security Contributions	11-000-291-220	28,000	12,433	40,433	1
Other Retirement Contribution - Regular	11-000-291-241	34,904	574	35,478	-
Unemployment Compensation	11-000-291-250	12,000	-	12,000	1,289
Workmen's Compensation	11-000-291-260	14,365	-	14,365	1
Health Benefits	11-000-291-270	475,428	-	475,428	39,905
Tuition Reimbursements	11-000-291-280	6,000	3,931	9,931	3,346
Other Employee Benefits	11-000-291-290	73,600	(13,007)	60,593	32,503
<b>Total Unallocated Benefits - Employee Benefits</b>		<b>644,297</b>	<b>3,931</b>	<b>648,228</b>	<b>77,045</b>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	JUNE 30, 2015			VARIANCE FINAL TO ACTUAL FAVORABLE/ UNFAVORABLE)
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Nonbudgeted:					
On-Behalf TPAF Pension Contributions		-	-	99,598	(99,598)
On-Behalf TPAF Post Retirement Medical		-	-	158,110	(158,110)
Reimbursed TPAF Social Contributions		-	-	139,453	(139,453)
<b>Total Undistributed Expenditures</b>		<b>2,891,622</b>	<b>(26,785)</b>	<b>2,864,837</b>	<b>12,970</b>
<b>Total Expenditures - Current Expense</b>		<b>4,846,651</b>	<b>51,736</b>	<b>4,898,387</b>	<b>84,476</b>
Capital Outlay:					
Interest Deposit to Capital Reserve	10-604-000-000	100	-	100	100
Equipment:					
Undistributed Expenditures:					
Instruction	12-000-100-730	-	-	-	-
Support Services - Regular	12-000-210-730	-	-	-	-
Central Services	12-000-251-730	-	-	-	-
Administration Information					
Technology	12-000-252-730	35,671	(35,671)	-	-
Maintenance of School Facilities	12-000-261-730	-	-	-	-
Security	12-000-266-730	-	-	-	-
Facilities Acquisition & Construction Services:					
Legal Services	12-000-400-331	2,100	(2,100)	-	-
Architectural/Engineering Services	12-000-400-334	16,380	(16,380)	-	-
Construction Services	12-000-400-450	95,358	(95,358)	-	-
Other Objects	12-000-400-800	6,162	(6,162)	-	-
Assessment for Debt Service	12-000-400-896	8,133	-	8,133	-
<b>Total Capital Outlay</b>		<b>163,904</b>	<b>(155,671)</b>	<b>8,233</b>	<b>100</b>
<b>Total Expenditures</b>		<b>5,010,555</b>	<b>(103,935)</b>	<b>4,906,620</b>	<b>84,576</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures Before Other Financing Sources/(Uses)		(457,635)	103,935	(353,700)	467,431
Other Financing Sources/(Uses):					
Transfer from Capital Reserve to Capital Projects		(133,200)	-	(133,200)	(133,200)
Current Capital Outlay Transfer to Capital Projects	12-000-400-932	-	(120,000)	(120,000)	(120,000)
Transfer to Cover Deficit (Enterprise Fund)		-	-	-	-
<b>Total Other Financing Sources/(Uses)</b>		<b>(133,200)</b>	<b>(120,000)</b>	<b>(253,200)</b>	<b>(253,200)</b>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	JUNE 30, 2015		FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL FAVORABLE/ (UNFAVORABLE)
		ORIGINAL BUDGET	BUDGET TRANSFERS			
Excess/(Deficiency) of Revenues Over/(Under) Expenditures After Other Financing Sources/(Uses) Fund Balances, July 1		(590,835) 1,377,114	(16,065) -	(606,900) 1,377,114	(139,469) 1,377,114	467,431 -
Fund Balances, June 30		\$ 786,279	\$ (16,065)	\$ 770,214	\$ 1,237,645	\$ 467,431

**RECAPITULATION OF BUDGET TRANSFERS:**

Prior Year Encumbrances	\$ 16,065
Total	<u>\$ 16,065</u>

**RECAPITULATION OF FUND BALANCE**

<b>Restricted Fund Balance:</b>	
Capital Reserve	\$ 141,091
Excess Surplus - Designated for Subsequent Year	475,256
Excess Surplus	360,922
<b>Assigned Fund Balance:</b>	
Year End Encumbrances	5,330
<b>Unassigned Fund Balance</b>	<u>255,046</u>
Subtotal	<u>1,237,645</u>
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payment Not Recognized on GAAP Basis	<u>(150,827)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 1,086,818</u>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	JUNE 30, 2015				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
<b>REVENUES:</b>					
Federal Sources	\$ 73,798	\$ 70,989	\$ 144,787	\$ 140,409	\$ (4,378)
Local Sources	-	3,000	3,000	-	(3,000)
Total Revenues	<u>73,798</u>	<u>73,989</u>	<u>147,787</u>	<u>140,409</u>	<u>(7,378)</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	-	-	-	-	-
Other Salaries for Instruction	11,264	(11,264)	-	-	-
Purchased Professional & Technical Services	-	2,272	2,272	2,272	-
Tuition	56,650	(16,650)	40,000	40,000	-
General Supplies	-	78,261	78,261	70,883	7,378
Total Instruction	<u>67,914</u>	<u>52,619</u>	<u>120,533</u>	<u>113,155</u>	<u>7,378</u>
Support Services:					
Employee Benefits	-	-	-	-	-
Purchased Professional & Technical Services	5,884	21,370	27,254	27,254	-
Other Purchased Services	-	-	-	-	-
Total Support Services	<u>5,884</u>	<u>21,370</u>	<u>27,254</u>	<u>27,254</u>	<u>-</u>
Total Expenditures	<u>73,798</u>	<u>73,989</u>	<u>147,787</u>	<u>140,409</u>	<u>7,378</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/ (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR FISCAL YEAR ENDED JUNE 30, 2015**

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

	GENERAL FUND	SPECIAL REVENUE FUND
<b>Sources/Inflows of Resources:</b>		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 4,935,775	\$ 140,409
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized	-	(7,469)
State aid payment recognized for budgetary purposes, not recognized for GAAP Statements until the subsequent year		
Prior Year	157,949	-
Current Year	(150,827)	-
<hr/>		
Total Revenue as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds	\$ 4,942,897	\$ 132,940
<hr/> <hr/>		
<b>Uses/outflows of resources:</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 4,822,044	\$ 140,409
<hr/>		
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	-	(7,469)
<hr/>		
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 4,822,044	\$ 132,940
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**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**LAST TWO FISCAL YEARS**

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.00430%	0.00420%
District's proportionate share of the net pension liability (asset)	\$ 805,746	\$ 802,319
District's covered-employee payroll	\$ 200,690	\$ 219,020
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	401.49%	366.32%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	48.72%

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST TWO FISCAL YEARS**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 26,972	\$ 35,478
Contributions in relation to the contractually required contribution	<u>26,972</u>	<u>35,478</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 200,690	\$ 219,020
Contributions as a percentage of covered- employee payroll	13.44%	16.20%

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**TEACHERS' PENSION AND ANNUITY FUND**  
**LAST TWO FISCAL YEARS**

	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.01833%	0.01708%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 9,799,209	\$ 8,632,791
District's covered-employee payroll	\$ 1,903,618	\$ 1,859,201
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	33.76%

\*\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2015**

**Teachers 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.

**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.

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**OTHER SUPPLEMENTARY INFORMATION**

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES  
AND EXPENDITURES - BUDGETARY BASIS  
FOR FISCAL YEAR ENDED JUNE 30, 2015**

	<u>I.D.E.A. - PART B</u>			
	BASIC REGULAR PROGRAM	PRESCHOOL INCENTIVE PROGRAM	TITLE I	TITLE II PART A
Revenues:				
Federal Sources	\$ 64,616	\$ 2,638	\$ 12,102	\$ 2,272
Total Revenues	<u>\$ 64,616</u>	<u>\$ 2,638</u>	<u>\$ 12,102</u>	<u>\$ 2,272</u>
Expenditures:				
Instruction:				
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -
Other Salaries	-	-	-	-
Other Purchased Services	-	-	-	2,272
Tuition	40,000	-	-	-
General Supplies	-	-	12,102	-
Total Instruction	<u>40,000</u>	<u>-</u>	<u>12,102</u>	<u>2,272</u>
Support Services:				
Employee Benefits	-	-	-	-
Purchased Professional Services	24,616	2,638	-	-
Other Purchased Services	-	-	-	-
Total Support Services	<u>24,616</u>	<u>2,638</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 64,616</u>	<u>\$ 2,638</u>	<u>\$ 12,102</u>	<u>\$ 2,272</u>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES  
AND EXPENDITURES - BUDGETARY BASIS  
FOR FISCAL YEAR ENDED JUNE 30, 2015**

	REAP GRANT 13/14 CARRYOVER	REAP GRANT 11/12 CARRYOVER	REAP GRANT 12/13 CARRYOVER	2015
<b>Revenues:</b>				
Federal Sources	\$ 22,176	\$ 3,848	\$ 32,757	\$ 140,409
Local Sources	-	-	-	-
<b>Total Revenues</b>	<b>\$ 22,176</b>	<b>\$ 3,848</b>	<b>\$ 32,757</b>	<b>\$ 140,409</b>
<b>Expenditures:</b>				
<b>Instruction:</b>				
Salaries of Teachers	\$ -	\$ -	\$ -	\$ -
Other Salaries	-	-	-	-
Other Purchased Services	-	-	-	2,272
Tuition	-	-	-	40,000
General Supplies	22,176	3,848	32,757	70,883
<b>Total Instruction</b>	<b>22,176</b>	<b>3,848</b>	<b>32,757</b>	<b>113,155</b>
<b>Support Services:</b>				
Employee Benefits	-	-	-	-
Purchased Professional Services	-	-	-	27,254
Other Purchased Services	-	-	-	-
<b>Total Support Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,254</b>
<b>Total Expenditures</b>	<b>\$ 22,176</b>	<b>\$ 3,848</b>	<b>\$ 32,757</b>	<b>\$ 140,409</b>

F. Capital Projects Fund

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR FISCAL YEAR ENDED JUNE 30, 2015**

PROJECT TITLE	ORIGINAL DATE	BUDGETARY APPROPRIATIONS	EXPENDITURES		TRANSFER TO DEBT SERVICE	UNEXPENDED BALANCE JUNE 30, 2013
			PRIOR YEAR	CURRENT YEAR		
HVAC Improvement Project to South Harrison School	01/06/14	\$ 422,000	\$ -	\$ 262,378	\$ -	\$ 159,622
Playground Upgrades at South Harrison Elementary School	01/06/14	306,000	6,875	270,269	-	28,856
Roof Replacement and Related Work at South Harrison Elementary School	01/06/14	83,000	5,000	68,355	-	9,645
<b>Total</b>		<b>\$ 811,000</b>	<b>\$ 11,875</b>	<b>\$ 601,002</b>	<b>\$ -</b>	<b>\$ 198,123</b>

**Reconciliation - Unexpended Capital Project Balances to Fund Balance - June 30, 2015:**

Unexpended Project Balances June 30, 2015	\$ 198,123
Less:	
Unexpended State Aid - ROD Grants	(79,649)
<b>Total Fund Balance (GAAP Basis) - June 30, 2015</b>	<b>\$ 118,474</b>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE-BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Revenues and Other Financing Sources:**

State Funding - SDA Grant	\$ 168,800
Transfer from Capital Reserve	133,200
Transfer from Capital Outlay	<u>120,000</u>
Total Revenues	<u>422,000</u>

**Expenditures and Other Financing Uses:**

Purchased Professional & Technical Services	31,564
Construction Services	<u>569,438</u>
Total Expenditures	<u>601,002</u>

Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(179,002)
Fund Balance - Beginning	<u>377,125</u>
Fund Balance - Ending	<u><u>\$ 198,123</u></u>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND  
PROJECT STATUS - BUDGETARY BASIS  
HVAC IMPROVEMENT PROJECT AT ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Funding - SDA Grant	\$ -	\$ 168,800	\$ 168,800	\$ 168,800
Transfer from Capital Outlay	-	120,000	120,000	120,000
Transfer from Capital Reserve	-	133,200	133,200	133,200
<b>Total Revenues</b>	<b>-</b>	<b>422,000</b>	<b>422,000</b>	<b>422,000</b>
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	-	27,300	27,300	30,800
Other Objects	-	-	-	10,270
Construction Services	-	235,078	235,078	380,930
<b>Total Expenditures</b>	<b>-</b>	<b>262,378</b>	<b>262,378</b>	<b>422,000</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -	\$ 159,622	\$ 159,622	\$ -

**ADDITIONAL PROJECT INFORMATION**

Project Number	4880-050-14-1002
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 422,000
Revised Authorized Cost	\$ 422,000
Percentage Increase Over Original Authorized Cost	
Original Target Completion Date	
Actual Completion Date	

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND  
PROJECT STATUS - BUDGETARY BASIS  
PLAYGROUND UPGRADES AT SOUTH HARRISON ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Funding - SDA Grant	\$ 122,800	\$ -	\$ 122,800	\$ 122,800
Local Donations	45,000	-	45,000	45,000
Transfer from Capital Outlay	138,200	-	138,200	138,200
<b>Total Revenues</b>	<b>306,000</b>	<b>-</b>	<b>306,000</b>	<b>306,000</b>
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	6,875	4,264	11,139	13,300
Other Objects	-	-	-	3,180
Construction Services	-	266,005	266,005	289,520
<b>Total Expenditures</b>	<b>6,875</b>	<b>270,269</b>	<b>277,144</b>	<b>306,000</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 299,125	\$ (270,269)	\$ 28,856	\$ -

**ADDITIONAL PROJECT INFORMATION**

Project Number	#4880-050-14-2001-G04
Grant Date	01/06/14
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 306,000
Revised Authorized Cost	\$ 306,000
Percentage Increase Over Original Authorized Cost	0.00%
Original Target Completion Date	
Actual Completion Date	

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND  
PROJECT STATUS - BUDGETARY BASIS  
ROOF REPLACEMENT AND RELATED WORK AT SOUTH HARRISON ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Funding - SDA Grant	\$ 33,200	\$ -	\$ 33,200	\$ 33,200
Transfer from Capital Outlay	49,800	-	49,800	49,800
<b>Total Revenues</b>	<b>83,000</b>	<b>-</b>	<b>83,000</b>	<b>83,000</b>
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	5,000	-	5,000	5,000
Other Objects	-	-	-	3,200
Construction Services	-	68,355	68,355	74,800
<b>Total Expenditures</b>	<b>5,000</b>	<b>68,355</b>	<b>73,355</b>	<b>83,000</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 78,000	\$ (68,355)	\$ 9,645	\$ -

**ADDITIONAL PROJECT INFORMATION**

Project Number	#4880-050-14-1006-G04
Grant Date	01/06/14
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 83,000
Revised Authorized Cost	\$ 83,000
Percentage Increase Over Original Authorized Cost	0.00%
Original Target Completion Date	
Actual Completion Date	

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## G. Proprietary Funds

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## Enterprise Funds

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING SCHEDULE OF NET POSITION  
AS OF JUNE 30, 2015**

ASSETS	FOOD SERVICE	SUMMER ENRICHMENT PROGRAMS	CERAMICS/SCULPTURE CLASSES	CRAFT CLUB	2015
Current Assets:					
Cash & Cash Equivalents	\$ -	\$ 1,882	\$ 7,683	\$ 1,450	\$ 11,015
Accounts Receivable	8,328	-	-	-	8,328
<b>Total Current Assets</b>	<b>8,328</b>	<b>1,882</b>	<b>7,683</b>	<b>1,450</b>	<b>19,343</b>
Capital Assets:					
Furniture, Machinery & Equipment	100,391	-	-	-	100,391
Less: Accumulated Depreciation	(71,833)	-	-	-	(71,833)
<b>Total Capital Assets</b>	<b>28,558</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,558</b>
<b>Total Assets</b>	<b>36,886</b>	<b>1,882</b>	<b>7,683</b>	<b>1,450</b>	<b>47,901</b>
<b>LIABILITIES</b>					
Current Liabilities:					
Cash Overdraft	8,328	-	-	-	8,328
Unearned Revenue	-	1,882	7,683	1,450	11,015
<b>Total Current Liabilities</b>	<b>8,328</b>	<b>1,882</b>	<b>7,683</b>	<b>1,450</b>	<b>19,343</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets Unrestricted	28,558	-	-	-	28,558
<b>Total Net Position</b>	<b>\$ 28,558</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 28,558</b>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
AS OF JUNE 30, 2015**

	FOOD SERVICE	SUMMER ENRICHMENT PROGRAMS	CERAMICS/ SCULPTURE CLASSES	CRAFT CLUB	2015
Operating Revenues:					
Charges for Services:					
Program Fees	-	-	2,535	-	2,535
Total Operating Revenues	-	-	2,535	-	2,535
Operating Expenses:					
Salaries & Benefits	-	-	1,550	-	1,550
Supplies & Materials	-	-	985	-	985
Depreciation	6,775	-	-	-	6,775
Total Operating Expenses	6,775	-	2,535	-	9,310
Operating Income/(loss)	(6,775)	-	-	-	(6,775)
Net Income	(6,775)	-	-	-	(6,775)
Total Net Position - Beginning	35,333	-	-	-	35,333
Total Net Position - Ending	\$ 28,558	\$ -	\$ -	\$ -	\$ 28,558

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUND  
COMBINING SCHEDULE OF CASH FLOWS  
AS OF JUNE 30, 2015**

		FOOD SERVICE	SUMMER ENRICHMENT PROGRAMS	CERAMICS/ SCULPTURE CLASSES	CRAFT CLUB	2015
Cash Flows From Operating Activities:						
Receipts from Customers	\$	-	(1,425)	2,695	-	1,270
Payments to Employees & Employee Benefits	-	-	-	(1,550)	-	(1,550)
Payments to Suppliers	-	-	-	(985)	-	(985)
Net Cash Provided/(Used) by Operating Activities	-	-	(1,425)	160	-	(1,265)
Net Increase/(Decrease) in Cash & Cash Equivalents	-	-	(1,425)	160	-	(1,265)
Balances - Beginning of Year	(8,328)	-	3,307	7,523	1,450	3,952
Balances - End of Year	\$	(8,328)	\$ 1,882	\$ 7,683	\$ 1,450	\$ 2,687

**Reconciliation of Operating Income/(Loss) to Net Cash Provided (Used) by Operating Activities:**

Operating Income/(Loss)	\$	(6,775)	-	-	-	(6,775)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:						
Depreciation & Net Amortization	6,775	-	-	-	-	6,775
Changes in Assets & Liabilities:						
Increase/(Decrease) in Unearned Revenue	-	-	(1,425)	160	-	(1,265)
Total Adjustments	6,775	-	(1,425)	160	-	5,510
Net Cash Provided/(Used) by Operating Activities	\$	-	(1,425)	\$ 160	\$ -	(1,265)

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Internal Service Fund

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
INTERNAL SERVICE FUND  
COMBINING SCHEDULE OF NET POSITION  
AS OF JUNE 30, 2015**

ASSETS	GOVERNMENTAL ACTIVITIES <u>SHARED</u> SERVICES	2015
Current Assets:		
Cash	\$ 377	\$ 377
Total Current Assets	377	377
Total Assets	377	377
LIABILITIES		
Current Liabilities:		
Accounts Payable	377	377
Total Current Liabilities	377	377
NET POSITION		
Unrestricted	-	-
Total Net Position	\$ -	\$ -

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
INTERNAL SERVICE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
AS OF JUNE 30, 2015**

	GOVERNMENTAL ACTIVITIES		2015
	<u>SHARED</u>		
	SERVICES		
Operating Revenues:			
Charges for Services:			
Shared Services Provided	\$ 60,720	\$	60,720
	<u>60,720</u>		<u>60,720</u>
Total Operating Revenues			
Operating Expenses:			
Salaries	55,720		55,720
Employee Benefits	5,000		5,000
	<u>60,720</u>		<u>60,720</u>
Total Operating Expenses			
Operating Income/(loss)	<u>-</u>		<u>-</u>
Net Income	-		-
Total Net Position - Beginning	<u>-</u>		<u>-</u>
Total Net Position - Ending	<u>\$ -</u>	\$	<u>-</u>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
INTERNAL SERVICE FUND  
COMBINING SCHEDULE OF CASH FLOWS  
AS OF JUNE 30, 2015**

	<u>GOVERNMENTAL ACTIVITIES</u>		
	<u>SHARED</u>		
	SERVICES		2015
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 65,174	\$ 65,174	
Payments to Employees & Employee Benefits	(60,343)	(60,343)	
Net Cash Provided/(Used) by Operating Activities	4,831	4,831	
Net Increase/(Decrease) in Cash & Cash Equivalents	4,831	4,831	
Balances - Beginning of Year	(4,454)	(4,454)	
Balances - End of Year	<u>\$ 377</u>	<u>\$ 377</u>	

**Reconciliation of Operating Income/(Loss) to Net Cash Provided (Used) by Operating Activities:**

Operating Income/(Loss)	\$ -	\$ -	
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:			
Changes in Assets & Liabilities:			
(Increase)/Decrease in Accounts Receivable	4,454	4,454	
Increase/(Decrease) in Accounts Payable	377	377	
Total Adjustments	4,831	4,831	
Net Cash Provided/(Used) by Operating Activities	<u>\$ 4,831</u>	<u>\$ 4,831</u>	

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## H. Fiduciary Fund

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMPARATIVE COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2015**

ASSETS	AGENCY		2015
	STUDENT ACTIVITY	PAYROLL	
Cash & Cash Equivalents	\$ 68,689	\$ 2,249	\$ 70,938
Total Assets	68,689	2,249	70,938
<b>LIABILITIES</b>			
Payroll Deductions & Withholdings	-	4	4
Interfund Accounts Payable	-	2,245	2,245
Due to Student Groups	68,689	-	68,689
Total Liabilities	68,689	2,249	70,938
<b>NET POSITION</b>			
Reserved	-	-	-
Unreserved	-	-	-
Total Net Position	\$ -	\$ -	\$ -

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2015**

	BALANCE JULY 1, 2014	CASH RECEIPTS	CASH DISBURSEMENTS	BALANCE JUNE 30, 2015
Technology	\$ 776	\$ -	\$ -	\$ 776
Library	18,980	13,108	18,298	13,790
Secret Garden	3,163	37	40	3,160
Student Council	3,325	1,957	45	5,237
Graduation Funds	-	200	200	-
Trips	40,958	24,100	19,600	45,458
Poetry Book	5	-	-	5
Miscellaneous	256	117	110	263
<b>Total Student Activity</b>	<b>\$ 67,463</b>	<b>\$ 39,519</b>	<b>\$ 38,293</b>	<b>\$ 68,689</b>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2015**

ASSETS	BALANCE JULY 1, 2014	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2015
Cash & Cash Equivalents	\$ 16,437	\$ 2,639,794	\$ 2,653,982	\$ 2,249
<b>Total Assets</b>	<b>\$ 16,437</b>	<b>\$ 2,639,794</b>	<b>\$ 2,653,982</b>	<b>\$ 2,249</b>
<b>LIABILITIES</b>				
Payroll Deductions & Withholding	\$ 13,435	\$ 1,075,711	\$ 1,089,142	\$ 4
Net Payroll	-	1,564,083	1,564,083	-
Interfund Accounts Payable	3,002	-	757	2,245
<b>Total Liabilities</b>	<b>\$ 16,437</b>	<b>\$ 2,639,794</b>	<b>\$ 2,653,982</b>	<b>\$ 2,249</b>

## I. Long-Term Debt

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
JUNE 30, 2015**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JULY 1, 2014	ISSUED	REFUNDED	RETIRED	BALANCE JUNE 30, 2015	
			DATE	AMOUNT							
School Refunding Bonds	02/15/2003	1,306,000			\$	128,000	\$	-	\$	128,000	
Construction of Additions & Renovations to South Harrison Schools	12/20/2005	9,801,000	1/15/2016	365,000	4.125%	8,790,000	-	8,185,000	240,000	365,000	
Construction of Additions & Renovations to South Harrison Schools	09/15/2006	2,871,000	1/15/2016	105,000	4.30%	2,555,000	-	2,365,000	85,000	105,000	
Series 2015 Refunding Bonds	04/21/2015	9,980,000	1/15/2016	80,000	1.50%	-	9,980,000	-	-	9,980,000	
			1/15/2017	470,000	3.00%						
			1/15/2018	490,000	4.00%						
			1/15/2019	515,000	5.00%						
			1/15/2020	540,000	3.00%						
			1/15/2021	560,000	5.00%						
			1/15/2022	595,000	4.00%						
			1/15/2023	615,000	4.00%						
			1/15/2024	650,000	4.00%						
			1/15/2025	675,000	4.00%						
			1/15/2026	710,000	4.00%						
			1/15/2027	745,000	4.00%						
			1/15/2028	775,000	4.00%						
			1/15/2029	815,000	4.00%						
			1/15/2030	850,000	4.00%						
			1/15/2031	895,000	4.00%						
Total						\$	11,473,000	\$	9,980,000	\$	10,450,000
Total						\$	11,473,000	\$	10,550,000	\$	453,000

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR FISCAL YEAR ENDED JUNE 30, 2015**

	ACCOUNT NUMBERS	JUNE 30, 2015			VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources:					
Local Tax Levy	40-1210	\$ 752,838	\$ -	\$ 752,838	\$ -
State Sources:					
Debt Service Aid Type II	40-3160	183,669	-	183,669	-
Miscellaneous		-	-	8,283	8,283
<b>Total Revenues</b>		<b>936,507</b>	<b>-</b>	<b>944,790</b>	<b>8,283</b>
Expenditures:					
Regular Debt Service:					
Interest	40-701-510-834	483,507	-	483,505	2
Redemption of Principal	40-701-510-910	453,000	-	453,000	-
Expense of Refunding Bonds		-	-	115,967	(115,967)
<b>Total Expenditures</b>		<b>936,507</b>	<b>-</b>	<b>1,052,472</b>	<b>(115,965)</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures Before Other Financing Sources/(Uses)</b>		<b>-</b>	<b>-</b>	<b>(107,682)</b>	<b>(107,682)</b>
Other Financing Sources/(Uses):					
Proceeds of Refunding Bonds		-	-	11,096,928	11,096,928
Deposit to Refunding Escrow		-	-	(10,980,961)	(10,980,961)
<b>Total Other Financing Sources/(Uses)</b>		<b>-</b>	<b>-</b>	<b>115,967</b>	<b>115,967</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures Fund Balance, July 1</b>		<b>27,516</b>	<b>-</b>	<b>27,516</b>	<b>8,285</b>
<b>Fund Balance, June 30</b>		<b>\$ 27,516</b>	<b>\$ -</b>	<b>\$ 35,801</b>	<b>\$ 8,285</b>

**STATISTICAL SECTION (Unaudited)**

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Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. Note that the Exhibits are presented for the last ten fiscal years.

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
*(Accrual Basis of Accounting)*

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 2,372,432	\$ 1,314,821	\$ 1,387,885	\$ 2,697,366	\$ 2,427,658	\$ 2,199,432	\$ 1,972,060	\$ 1,747,682	\$ (949,234)	\$ (7,507,613)
Restricted	1,131,544	1,148,343	1,011,676	31,642	31,438	31,209	71,772	262,204	3,530,995	10,173,583
Unrestricted	(1,541,183)	24,216	(129,974)	618,664	240,790	70,859	133,382	258,508	387,994	125,970
<b>Total Governmental Activities</b>	<b>\$ 1,962,793</b>	<b>\$ 2,487,380</b>	<b>\$ 2,269,587</b>	<b>\$ 3,347,672</b>	<b>\$ 2,699,886</b>	<b>\$ 2,301,500</b>	<b>\$ 2,177,214</b>	<b>\$ 2,268,394</b>	<b>\$ 2,969,755</b>	<b>\$ 2,791,940</b>
<b>Business-Type Activities:</b>										
Net Investment in Capital Assets	\$ 28,558	\$ 35,333	\$ 42,464	\$ 63,334	\$ 70,008	\$ 76,691	\$ 83,374	\$ 90,052	\$ 1,252	\$ 8,163
Unrestricted	-	-	(9,482)	(22,371)	(12,925)	(1,930)	756	909	14,631	10,313
<b>Total Business-Type Activities</b>	<b>\$ 28,558</b>	<b>\$ 35,333</b>	<b>\$ 32,982</b>	<b>\$ 40,963</b>	<b>\$ 57,083</b>	<b>\$ 74,761</b>	<b>\$ 84,130</b>	<b>\$ 90,961</b>	<b>\$ 15,883</b>	<b>\$ 18,476</b>
<b>District-Wide:</b>										
Net Investment in Capital Assets	\$ 2,400,990	\$ 1,350,154	\$ 1,430,349	\$ 2,760,700	\$ 2,497,666	\$ 2,276,123	\$ 2,055,434	\$ 1,837,734	\$ (947,982)	\$ (7,499,450)
Restricted	1,131,544	1,148,343	1,011,676	31,642	31,438	31,209	71,772	262,204	3,530,995	10,173,583
Unrestricted	(1,541,183)	24,216	(139,456)	596,293	227,865	68,929	134,138	259,417	402,625	136,283
<b>Total District Net Position</b>	<b>\$ 1,991,351</b>	<b>\$ 2,522,713</b>	<b>\$ 2,302,569</b>	<b>\$ 3,388,635</b>	<b>\$ 2,756,969</b>	<b>\$ 2,376,261</b>	<b>\$ 2,261,344</b>	<b>\$ 2,359,355</b>	<b>\$ 2,985,638</b>	<b>\$ 2,810,416</b>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Expenses:</b>										
Governmental Activities										
Instruction:										
Regular	\$ 1,668,186	\$ 1,512,683	\$ 1,599,462	\$ 1,363,913	\$ 1,327,425	\$ 1,547,359	\$ 1,491,353	\$ 1,424,125	\$ 1,210,805	\$ 1,112,250
Special Education	311,283	315,733	293,561	260,307	265,928	266,759	256,576	187,022	179,494	165,173
Other Special Education	88,261	96,043	103,107	92,198	69,310	76,475	51,470	71,300	79,026	76,754
Support Services:										
Tuition	150,868	141,772	113,157	106,145	149,851	113,873	122,977	104,426	143,283	49,676
Student & Instruction Related Services	567,102	584,995	564,018	477,729	382,665	403,290	356,844	364,028	327,131	302,171
General & Business Administrative Services	199,719	201,561	201,099	293,442	247,293	231,298	160,983	176,969	158,562	157,305
School Administrative Services	137,426	123,583	84,843	906	1,000	40,312	98,745	69,097	52,241	49,267
Central Services	124,784	129,059	119,761	122,038	128,944	129,745	130,306	126,947	131,064	118,204
Administrative Information Technology	-	-	-	-	-	-	-	-	5,760	-
Plant Operations & Maintenance	456,400	461,967	446,445	413,059	391,779	427,486	429,658	416,430	281,539	230,894
Pupil Transportation	335,198	368,569	268,465	288,191	327,052	356,581	316,369	348,672	334,870	268,910
Unallocated Benefits	1,384,835	751,534	824,884	666,192	614,081	643,986	607,740	632,206	601,638	458,719
Special Schools										
Interest on Long-Term Debt	481,254	511,713	506,638	533,616	544,525	551,479	567,101	608,572	527,522	260,855
Unallocated Depreciation	579,449	536,236	536,236	88,206	189,489	187,202	196,051	194,669	179,827	183,331
Total Governmental Activities	6,484,765	5,735,448	5,661,676	4,705,942	4,639,342	4,975,845	4,786,173	4,724,463	4,212,762	3,433,509
Expenses										
Business-Type Activities:										
Enterprise Fund	9,310	9,355	130,616	133,683	129,447	135,483	134,160	131,359	114,777	93,204
Total Business-Type Activities	9,310	9,355	130,616	133,683	129,447	135,483	134,160	131,359	114,777	93,204
Expense										
Total District Expenses	\$ 6,494,075	\$ 5,744,803	\$ 5,792,292	\$ 4,839,625	\$ 4,768,789	\$ 5,111,328	\$ 4,920,333	\$ 4,855,822	\$ 4,327,539	\$ 3,526,713
<b>Program Revenues:</b>										
Governmental Activities:										
Charges for Services:										
General Administration	\$ 60,720	\$ 58,761	\$ 57,695	\$ 51,929	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Grants & Contributions	957,792	116,665	124,348	627,034	578,338	606,420	539,605	627,428	581,378	352,570
Total Governmental Activities	1,018,512	175,426	182,043	678,963	578,338	606,420	539,605	627,428	581,378	352,570
Program Revenues										

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Business-Type Activities:</b>										
Charges for Services:										
Enterprise Fund	2,555	2,224	84,029	94,920	90,365	100,578	97,692	83,898	68,919	59,795
Operating Grants & Contributions	-	9,482	38,606	22,643	21,404	25,536	22,605	22,459	19,151	17,338
<b>Total Business Type Activities</b>	<b>2,555</b>	<b>11,706</b>	<b>122,635</b>	<b>117,563</b>	<b>111,769</b>	<b>126,114</b>	<b>120,297</b>	<b>106,357</b>	<b>88,070</b>	<b>77,133</b>
<b>Program Revenues</b>	<b>\$ 1,021,047</b>	<b>\$ 187,132</b>	<b>\$ 304,678</b>	<b>\$ 796,526</b>	<b>\$ 690,107</b>	<b>\$ 732,534</b>	<b>\$ 659,902</b>	<b>\$ 733,785</b>	<b>\$ 669,448</b>	<b>\$ 429,703</b>
<b>Net (Expense)/Revenue:</b>	<b>\$ (5,466,253)</b>	<b>\$ (5,560,022)</b>	<b>\$ (5,479,633)</b>	<b>\$ (4,026,979)</b>	<b>\$ (4,061,004)</b>	<b>\$ (4,369,425)</b>	<b>\$ (4,246,568)</b>	<b>\$ (4,097,055)</b>	<b>\$ (3,631,384)</b>	<b>\$ (3,080,939)</b>
Governmental Activities	(6,775)	2,351	(7,981)	(16,120)	(17,678)	(9,369)	(13,863)	(25,002)	(26,707)	(16,071)
Business-Type Activities										
<b>Total District-Wide Net Expense</b>	<b>\$ (5,473,028)</b>	<b>\$ (5,557,671)</b>	<b>\$ (5,487,614)</b>	<b>\$ (4,043,099)</b>	<b>\$ (4,078,682)</b>	<b>\$ (4,378,794)</b>	<b>\$ (4,260,431)</b>	<b>\$ (4,122,037)</b>	<b>\$ (3,658,091)</b>	<b>\$ (3,097,010)</b>
<b>General Revenues &amp; Other Changes in Net Position:</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 2,927,311	\$ 2,849,053	\$ 2,793,189	\$ 2,712,062	\$ 2,625,422	\$ 2,542,860	\$ 2,463,159	\$ 2,306,000	\$ 2,065,230	\$ 1,955,946
Taxes Levied for Debt Service	752,838	757,646	752,684	752,383	751,735	685,607	607,451	563,247	201,320	182,903
Other Local Governmental Units - Unrestricted	-	-	-	-	-	-	-	-	30,000	30,000
Tuition	9,000	13,500	11,325	5,900	5,800	-	4,691	21,265	-	-
Unrestricted Grants & Contributions	2,021,645	2,091,463	2,055,296	1,197,742	1,043,763	1,199,242	1,092,189	955,263	934,688	979,125
Restricted Grants & Contributions	-	-	-	-	-	-	-	-	-	-
Investment Earnings	174	174	57	10,229	15,697	19,573	23,175	137,686	261,063	188,668
Miscellaneous Income	19,959	61,852	16,323	10,434	12,727	17,093	1,932	369	819	28,466
Transfers	-	(9,482)	(30,000)	-	-	-	(7,000)	-	326,441	(11,325)
Cancellation of Payables	-	20,000	-	-	-	-	-	-	-	-
Gain/(Loss) on Disposal of Fixed Assets	-	-	-	-	-	4,764	-	(627,582)	(2,250)	(21,238)
Capital Asset Adjustments	13,058	-	326,351	12,417	14,465	-	4,402	-	8,832	-
Obligations in Capital Leases Prior Year Adjustments	-	-	-	-	-	-	(42,198)	-	-	-
Compensated Absences Addition/Reduction	-	-	24,554	(26,403)	(10,219)	24,573	7,588	13,426	(16,944)	(30,528)
Cancellation of Receivables	-	-	-	-	-	-	-	(4,000)	-	-
<b>Total Governmental Activities</b>	<b>5,743,985</b>	<b>5,784,206</b>	<b>5,949,779</b>	<b>4,674,764</b>	<b>4,459,390</b>	<b>4,493,712</b>	<b>4,155,389</b>	<b>3,395,674</b>	<b>3,809,199</b>	<b>3,302,017</b>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Business-Type Activities:</b>										
Investment Earnings	-	-	-	-	-	-	31	689	554	350
Gain/(Loss) on Disposal of Fixed Assets	-	-	-	-	-	-	-	95,392	-	-
Transfers	-	-	-	-	-	-	7,000	4,000	23,559	11,929
<b>Total Business-Type Activities</b>	-	-	-	-	-	-	7,031	100,081	24,113	12,279
<b>Total District-Wide</b>	<b>\$ 5,743,985</b>	<b>\$ 5,784,206</b>	<b>\$ 5,949,779</b>	<b>\$ 4,674,764</b>	<b>\$ 4,459,390</b>	<b>\$ 4,493,712</b>	<b>\$ 4,162,420</b>	<b>\$ 3,495,755</b>	<b>\$ 3,833,312</b>	<b>\$ 3,314,296</b>
<b>Change in Net Position:</b>										
Governmental Activities	\$ 277,732	\$ 224,184	\$ 470,146	\$ 647,785	\$ 398,386	\$ 124,287	\$ (91,179)	\$ (701,361)	\$ 177,815	\$ 221,078
Business-Type Activities	(6,775)	2,351	(7,981)	(16,120)	(17,678)	(9,369)	(6,832)	75,079	(2,594)	(3,792)
<b>Total District</b>	<b>\$ 270,957</b>	<b>\$ 226,535</b>	<b>\$ 462,165</b>	<b>\$ 631,665</b>	<b>\$ 380,708</b>	<b>\$ 114,918</b>	<b>\$ (98,011)</b>	<b>\$ (626,282)</b>	<b>\$ 175,221</b>	<b>\$ 217,286</b>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
FUND BALANCES AND GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>General Fund:</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,041	\$ 363,309	\$ 474,218	\$ 1,254,973	\$ 1,242,610
Unreserved	-	-	-	-	-	302,099	111,554	199,141	63,523	140,661
Restricted	977,269	1,107,008	1,212,619	494,485	121,698	-	-	-	-	-
Assigned	5,330	16,065	39,427	340,406	264,787	-	-	-	-	-
Unassigned	104,219	96,092	(88,109)	131,572	177,892	-	-	-	-	-
<b>Total General Fund</b>	<b>\$ 1,086,818</b>	<b>\$ 1,219,165</b>	<b>\$ 1,163,937</b>	<b>\$ 966,463</b>	<b>\$ 564,377</b>	<b>\$ 386,140</b>	<b>\$ 474,863</b>	<b>\$ 673,359</b>	<b>\$ 1,318,496</b>	<b>\$ 1,383,271</b>
<b>All Other Governmental Funds:</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,966	\$ 106,220	\$ 2,826,590	\$ 284,053
Restricted	154,275	253,391	-	-	-	-	-	-	-	-
Unreserved, Reported in:										
Special Revenue Fund	-	-	-	-	-	-	-	(152)	(152)	(152)
Capital Projects Fund	-	-	7,514	7,514	7,514	7,514	7,514	34,789	123,436	8,721,352
Debt Service Fund	-	-	1	1	1	-	-	33,337	-	195,827
<b>Total All Other Governmental Funds</b>	<b>\$ 154,275</b>	<b>\$ 253,391</b>	<b>\$ 7,515</b>	<b>\$ 7,515</b>	<b>\$ 7,515</b>	<b>\$ 7,514</b>	<b>\$ 48,480</b>	<b>\$ 174,194</b>	<b>\$ 2,949,874</b>	<b>\$ 9,201,080</b>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,**  
**LAST TEN FISCAL YEARS**  
*(Modified Accrual Basis of Accounting)*

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues:</b>										
Tax Levy	\$ 3,680,149	\$ 3,606,699	\$ 3,545,873	\$ 3,464,445	\$ 3,377,157	\$ 3,228,467	\$ 3,070,610	\$ 2,869,247	\$ 2,266,550	\$ 2,138,849
Other Local Governmental Units -										
Unrestricted	-	-	-	-	-	-	-	30,000	30,000	30,000
Tuition Charges	9,000	13,500	11,325	5,900	5,800	-	4,691	21,265	-	-
Interest Earnings	5,450	5,450	5,333	10,229	15,653	19,459	19,669	41,096	611,063	188,668
Miscellaneous	14,683	56,576	14,670	10,434	15,227	17,093	1,932	369	819	28,466
State Sources	2,418,806	2,093,138	2,055,296	1,640,805	1,474,595	1,511,180	1,541,111	1,503,783	1,426,044	1,249,339
Federal Sources	132,940	114,990	120,725	189,035	154,052	302,834	90,683	78,908	90,022	82,356
<b>Total Revenue</b>	<b>6,261,028</b>	<b>5,890,353</b>	<b>5,753,222</b>	<b>5,320,848</b>	<b>5,042,484</b>	<b>5,079,033</b>	<b>4,728,696</b>	<b>4,544,668</b>	<b>4,424,498</b>	<b>3,717,678</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	1,668,186	1,512,683	1,599,462	1,296,940	1,327,425	1,569,189	1,511,720	1,424,125	1,210,805	1,112,250
Special Education Instruction	311,283	315,733	293,561	260,307	265,928	266,759	256,576	187,022	179,494	165,173
Other Special Instruction	88,261	96,043	103,107	92,198	69,310	76,475	51,470	71,300	79,026	76,754
<b>Support Services:</b>										
Tuition	150,868	141,772	113,157	106,145	149,851	113,873	122,977	104,426	143,283	49,676
Student & Instruction Related Services	567,102	584,995	564,018	477,729	382,665	403,290	356,844	364,028	327,131	302,171
General & Business Administrative Services	138,999	142,800	143,404	239,671	247,293	231,298	160,983	176,969	158,562	157,305
School Administrative Services	137,426	123,583	84,843	906	1,000	40,312	98,745	69,097	52,241	49,267
Central Services	124,784	129,059	119,761	117,947	128,944	129,745	130,306	126,947	131,064	118,204
Administrative Information Technology	-	-	-	-	-	-	-	-	5,760	-
Plant Operations & Maintenance	456,400	461,967	446,445	413,059	391,779	427,486	429,658	422,365	281,539	230,894
Pupil Transportation	335,198	368,569	268,465	288,191	327,052	356,581	316,369	348,672	334,870	268,910
Employee Benefits	968,344	751,534	824,884	666,192	614,081	643,986	607,740	632,206	601,638	458,719
Capital Outlay	609,135	35,713	33,982	29,112	29,479	15,075	132,773	306,783	9,385,407	815,572
<b>Debt Service:</b>										
Principal	453,000	435,592	415,592	400,592	385,592	370,592	342,592	290,592	215,592	175,592
Interest & Other Charges	599,472	499,724	515,067	529,773	543,892	557,344	569,793	619,309	481,509	58,431
<b>Total Expenditures</b>	<b>6,608,458</b>	<b>5,599,767</b>	<b>5,525,748</b>	<b>4,918,762</b>	<b>4,864,291</b>	<b>5,202,005</b>	<b>5,088,546</b>	<b>5,143,841</b>	<b>13,587,921</b>	<b>4,038,918</b>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(347,430)		227,474	402,086	178,193	(122,972)	(359,850)	(599,173)	(9,163,423)	(321,240)
Other Financing Sources/(Uses):										
Proceeds from Borrowing	-	-	-	-	-	-	-	-	2,871,000	9,801,000
Cancellation of Receivables	-	-	-	-	-	-	-	-	-	-
Capital Leases (Nonbudgeted)	-	20,000	-	-	-	-	65,000	-	-	-
Proceeds of Refunding Bonds	11,096,928	-	-	-	-	-	-	-	-	-
Deposit to Refunding Escrow	(10,980,961)	-	-	-	-	-	-	-	-	-
Transfers In	253,200	195,514	-	-	44	-	(3,495)	96,590	505,919	195,825
Transfers Out	(253,200)	(204,996)	(30,000)	-	-	-	-	(219,000)	(529,478)	(207,754)
Total Other Financing Sources/(Uses)	115,967	10,518	(30,000)	-	44	-	61,505	(122,410)	2,847,441	9,789,071
Net Change in Fund Balances	\$ (231,463)	\$ 10,518	\$ 197,474	\$ 402,086	\$ 178,237	\$ (122,972)	\$ (298,345)	\$ (721,583)	\$ (6,315,982)	\$ 9,467,831
Debt Service as a Percentage of Noncapital Expenditures	17.54%	16.81%	16.95%	19.03%	19.22%	17.89%	18.41%	18.81%	19.89%	7.83%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
GOVERNMENTAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

FISCAL YEAR ENDING JUNE 30,	TUITION	OTHER LOCAL GOVERNMENTAL UNITS	INTEREST ON INVESTMENTS	DONATIONS	REFUNDS	MISCELLANEOUS	TOTAL
2015	\$ 9,000	\$ -	\$ 1,930	\$ -	\$ -	\$ 18,203	\$ 29,133
2014	13,500	-	2,006	-	-	60,020	75,526
2013	11,325	-	5,333	-	-	14,670	31,328
2012	5,900	-	10,229	-	-	10,434	26,563
2011	5,800	-	15,697	-	-	15,227	36,724
2010	-	-	19,573	-	-	17,893	37,466
2009	4,691	-	23,175	-	-	1,932	29,798
2008	21,265	30,000	137,686	-	-	369	189,320
2007	-	30,000	611,063	-	635	184	641,882
2006	-	30,000	188,668	-	17,876	10,590	247,134

Source: District records

Revenue Capacity Information

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

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	APARTMENT	LAND	IMPROVEMENTS	TOTAL ASSESSED VALUE	LESS: TAX EXEMPT PROPERTY	PUBLIC UTILITIES	NET VALUATION TAXABLE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE	TOTAL DIRECT SCHOOL TAX RATE
2015	\$ 10,430,500	\$ 301,016,100	\$ 34,823,300	\$ 3,680,300	\$ 21,933,100	\$ -	\$ -	\$ -	\$ 371,883,300	\$ -	\$ 501,225	\$ 372,384,525	\$ 389,734,776	0.868
2014	10,692,100	328,052,400	38,652,800	3,701,000	23,785,500	-	-	-	404,883,800	25,675,300	703,216	379,911,716	367,611,961	0.889
2013	12,412,200	323,062,100	42,337,000	3,622,100	23,694,300	-	-	-	405,127,700	25,876,100	743,659	379,995,259	369,540,910	0.874
2012	13,369,500	317,392,500	43,481,000	3,686,500	24,013,800	-	-	-	401,943,300	-	782,657	402,725,957	383,259,327	0.861
2011	13,794,500	316,892,600	43,321,200	4,766,800	21,313,900	-	-	-	400,089,000	-	978,729	401,067,729	372,661,163	0.842
2010	6,934,700	184,090,000	27,418,300	2,675,100	8,322,300	-	-	-	229,440,400	-	581,640	230,022,040	385,275,211	1.404
2009	6,872,100	177,738,000	27,057,100	2,798,800	7,976,300	-	-	-	222,442,300	-	518,283	222,960,583	374,282,500	1.378
2008	6,337,100	168,446,600	26,981,400	2,781,000	6,480,000	-	-	-	211,026,100	-	485,985	211,512,085	348,301,770	1.357
2007	6,334,200	155,560,800	26,850,800	2,811,300	6,343,600	-	-	-	197,900,700	-	518,145	198,418,845	286,760,352	1.142
2006	7,180,300	146,242,900	27,009,200	2,851,800	5,334,400	-	-	-	188,618,600	-	570,943	189,189,543	255,522,339	1.130

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

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(Rate per \$100 of Assessed Value)**

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE		TOTAL DIRECT	OVERLAPPING RATES				COUNTY OPEN SPACE	TOTAL DIRECT & OVERLAPPING TAX RATE
	LOCAL SCHOOL	REGIONAL SCHOOL		MUNICIPALITY	GLOUCESTER COUNTY	COUNTY LIBRARY	COUNTY		
2015	1.012	0.868	1.880	0.201	0.644	0.049	0.044	2.818	
2014	0.999	0.851	1.850	0.198	0.564	0.045	0.040	2.697	
2013	0.889	0.738	1.627	0.171	0.508	0.039	0.037	2.382	
2012	0.874	0.694	1.568	0.177	0.467	0.039	0.037	2.288	
2011	0.861	0.644	1.505	0.175	0.475	0.039	0.038	2.232	
2010	0.842	0.612	1.454	0.101	0.474	0.038	0.038	2.105	
2009	1.404	1.008	2.412	0.176	0.989	-	-	3.577	
2008	1.378	1.013	2.391	0.177	0.994	-	-	3.562	
2007	1.357	1.139	2.496	0.149	0.980	-	-	3.625	
2006	1.142	1.160	2.302	0.099	0.917	-	-	3.318	

Source: District Records and Municipal Tax Collector

\*The District's basic tax rate is calculated from the A4F Form which is submitted with the budget and the net valuation taxable.

\*\*Rates for debt service are based on each year's requirements.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS,  
CURRENT YEAR AND NINE YEARS AGO**

TAXPAYER	2015		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Mullica Hill Group Companies, LLC	\$4,544,100	1	1.12%
Mullica Hill Group Companies, LLC	3,146,900	2	0.78%
Individual Taxpayer #1	2,895,100	3	0.71%
Individual Taxpayer #2	2,171,000	4	0.54%
South Harrison 500 Associates, LLC	2,160,000	5	0.53%
Individual Taxpayer #3	1,766,100	6	0.44%
American Tower Asset Sub, LLC	1,678,200	7	0.41%
Paparone, Bruce Communities Inc	1,364,100	8	0.34%
Individual Taxpayer #4	1,294,300	9	0.32%
Gres at Mullica Hill, LLC	1,114,800	10	0.27%
Total	<u>\$ 22,134,600</u>		<u>5.46%</u>

	2006		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
Individual Taxpayer #1	2,031,400	1	1.07%
C&F Family Limited Partnership	1,913,300	2	1.01%
Spectrasite Broadcast Towers, Inc.	1,337,100	3	0.71%
Individual Taxpayer #2	1,239,700	4	0.66%
Robert J. Pacilli Investment, Inc	989,000	5	0.52%
Reserve at South Harrison, Inc	911,300	6	0.48%
Individual Taxpayer #3	783,100	7	0.41%
Pierson Homes	697,400	8	0.37%
Reserve at South Harrison, Inc	684,300	9	0.36%
Individual Taxpayer #4	598,700	10	0.32%
Total	<u>\$ 11,185,300</u>		<u>5.91%</u>

Source: Municipal Tax Assessor

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
SCHOOL PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY*		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2015	\$ 3,680,149	\$ 3,680,149	100.00%	
2014	3,606,699	3,606,699	100.00%	-
2013	3,545,873	3,545,873	100.00%	-
2012	3,464,445	3,464,445	100.00%	-
2011	3,377,157	3,377,157	100.00%	-
2010	3,228,467	3,228,467	100.00%	-
2009	3,070,610	3,070,610	100.00%	-
2008	2,869,247	2,869,247	100.00%	-
2007	2,266,550	2,266,550	100.00%	-
2006	2,138,849	2,138,849	100.00%	-

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

\*School taxes are collected by the municipal tax collector. Under New Jersey 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.

Debt Capacity Information

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

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GOVERNMENTAL ACTIVITIES			TOTAL DISTRICT	PERCENTAGE OF PERSONAL INCOME *	PER CAPITA*
	GENERAL OBLIGATION BONDS**	N.J. EDA LOANS	CAPITAL LEASES			
2015	\$ 10,450,000	\$ -	\$ -	\$ 10,450,000	N/A	N/A
2014	11,473,000	-	-	11,473,000	N/A	3,573
2013	11,878,000	30,592	-	11,908,592	0.38%	3,734
2012	12,263,000	61,184	-	12,324,184	0.36%	3,885
2011	12,633,000	91,776	-	12,724,776	9.73%	4,020
2010	12,988,000	122,368	-	13,110,368	10.26%	4,110
2009	13,328,000	152,960	21,830	13,502,790	10.65%	4,303
2008	13,640,000	183,553	-	13,823,553	11.82%	4,503
2007	13,900,000	214,145	5,936	14,120,081	13.08%	4,777
2006	11,214,000	244,737	17,222	11,475,959	11.57%	3,990

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

\*See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

\*\*Includes early retirement incentive plan (ERIP) refunding.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY*	PER CAPITA**
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2015	\$ 10,450,000	\$ -	\$ 10,450,000	2.81%	
2014	11,473,000	-	11,473,000	2.83%	3,573
2013	11,878,000	-	11,878,000	2.93%	3,725
2012	12,263,000	-	12,263,000	3.06%	3,866
2011	12,633,000	-	12,633,000	3.15%	3,991
2010	12,988,000	-	12,988,000	5.65%	4,071
2009	13,328,000	-	13,328,000	5.98%	4,247
2008	13,640,000	-	13,640,000	6.45%	4,443
2007	13,900,000	-	13,900,000	7.01%	4,702
2006	11,214,000	-	11,214,000	5.93%	3,899

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

\*See Exhibit J-6 for property tax data.

\*\*Population data can be found in Exhibit J-14.

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2015**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Municipality	\$ -	100.00%	\$ -
County General Obligation Debt	247,990,608	1.35%	3,347,873
Regional High School District	46,364,000	13.91%	6,450,312
Subtotal, Overlapping Debt			9,798,185
District's Direct Debt			10,450,000
Total Direct & Overlapping Debt			<u>\$ 20,248,185</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Gloucester County Board of Taxation.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt Limit	\$ 11,362,201	\$ 10,984,591	\$ 11,113,577	\$ 9,240,905	\$ 9,274,050	\$ 9,048,726	\$ 8,720,271	\$ 7,882,750	\$ 6,931,691	\$ 5,967,039
Total Net Debt Applicable to Limit	10,450,000	11,473,000	11,908,592	12,263,000	12,724,776	13,110,368	13,480,960	13,823,553	14,114,145	14,329,737
Legal Debt Margin	\$ 912,201	\$ (488,409)	\$ (795,015)	\$ (3,022,095)	\$ (3,450,726)	\$ (4,061,642)	\$ (4,760,689)	\$ (5,940,803)	\$ (7,182,454)	\$ (8,362,698)
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	91.97%	104.45%	107.15%	132.70%	137.21%	144.89%	154.59%	175.36%	203.62%	240.15%

**Legal Debt Margin Calculation for Fiscal Year 2013**

Equalized Valuation Basis	
2014	\$ 384,123,362
2013	384,484,810
2012	367,611,961
	<u>\$ 1,136,220,133</u>
Average Equalized Valuation of Taxable Property	<u>\$ 378,740,044</u>
Debt Limit (3 % of Average Equalization Value)	\$ 11,362,201
Net Bonded School Debt	<u>10,450,000</u>
Legal Debt Margin	<u>\$ 912,201</u>

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

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## Demographic and Economic Information

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

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

YEAR	POPULATION *	PERSONAL INCOME**	PER CAPITA PERSONAL INCOME ***	UNEMPLOYMENT RATE ****
2014	3,226	N/A	N/A	6.1%
2013	3,207	144,856,983	45,169	6.0%
2012	3,194	143,196,602	44,833	7.4%
2011	3,194	138,900,672	43,488	7.2%
2010	3,166	131,107,226	41,411	7.5%
2009	3,190	130,314,690	40,851	7.0%
2008	3,138	127,685,220	40,690	4.7%
2007	3,070	119,290,990	38,857	3.6%
2006	2,956	110,684,464	37,444	4.0%
2005	2,876	102,236,048	35,548	3.7%

\*Population information provided by the New Jersey Department of Labor & Workforce Development

\*\*Personal income has been estimated based upon the municipal population & per capita person income presented.

\*\*\*Per capita personal income by municipality estimated based upon the 2000 census published by the U.S. Bureau of Economic Analysis.

\*\*\*\*Unemployment data provided by the New Jersey Department of Labor & Workforce Development

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

<u>GLOUCESTER COUNTY</u>	2015	
	EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT
Underwood Memorial Hospital	1,825	1.28%
Kennedy Memorial Hospital	1,675	1.18%
Washington Township School District	1,631	1.15%
Rowan University	1,483	1.04%
County of Gloucester	1,398	0.98%
Missa Bay, LLC	950	0.67%
Monroe Township School District	807	0.57%
U.S. Foodservices	725	0.51%
ExxonMobil Research & Engineering	540	0.38%
LaBrea Bakery	525	0.37%
	11,559	8.12%

2006

NOT AVAILABLE

This exhibit reflects principal employers for Gloucester County.

Source: (1) Gloucester County Office of Economic Development for company and employee data.  
(2) New Jersey Department of Labor and Workforce Development for the total employment data.

Operating Information

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

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEAR**

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Instruction:										
Regular	23.5	23.5	23.0	21.5	21.5	23.0	22.1	23.8	22.1	19.1
Special Education	5.0	5.0	6.1	4.4	5.0	4.0	4.0	3.0	3.0	3.0
Other Special Education	4.2	4.2	4.2	3.2	2.0	7.0	6.0	3.0	0.4	0.4
Other Instruction	1.4	1.4	1.4	1.5	1.5	1.5	2.5	2.8	3.7	7.9
Support Services:										
Student & Instruction Related Services	7.3	7.3	8.1	4.4	5.9	4.9	4.7	1.8	3.9	2.7
General Administrative Services	0.3	0.3	1.4	2.8	2.8	2.8	1.8	1.7	2.4	2.4
School Administrative Services	1.6	1.6	1.0	-		0.5	0.9	0.6	0.5	0.5
Central Services	1.9	1.9	1.9	2.0	1.7	1.7	1.7	1.8	1.8	1.8
Plant Operations & Maintenance	0.9	0.9	0.8	2.0	2.0	1.5	1.5	2.2	2.4	2.4
Pupil Transportation	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2
Other Support Services	2.6	2.6	1.8	1.8	1.8	1.9	2.4	3.0	3.0	3.0
<b>Total</b>	<b>49.0</b>	<b>49.0</b>	<b>50.0</b>	<b>43.9</b>	<b>44.5</b>	<b>49.1</b>	<b>47.9</b>	<b>43.9</b>	<b>43.4</b>	<b>43.4</b>

Source: School District Records.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO	ELEMENTARY	AVERAGE DAILY ENROLLMENT (ADA) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2015	389	4,924,497	12,659	2.01%	30.0	1:12.7		385.60	370.46	3.29%	96.07%
2014	373	4,628,738	12,409	-2.05%	30.0	1:12.4		373.3	356.5	3.81%	95.50%
2013	360	4,561,107	12,670	19.04%	29.0	1:12.4		359.60	342.50	-1.83%	95.24%
2012	372	3,959,284	10,643	3.02%	26.0	1:14.3		366.30	349.50	-0.92%	95.41%
2011	378	3,905,328	10,332	-12.67%	26.0	1:14.5		369.70	352.70	2.69%	95.40%
2010	360	4,258,995	11,831	-1.40%	27.0	1:13.3		360.00	343.90	7.11%	96.00%
2014	337	4,043,388	11,998	0.21%	28.7	1:11.7		336.10	321.80	2.76%	95.75%
2008	328	3,927,157	11,973	6.57%	26.7	1:12.3		327.07	313.08	3.90%	95.72%
2007	312	3,505,413	11,235	8.24%	27.0	1:11.6		314.80	301.00	9.69%	95.62%
2006	288	2,989,323	10,380	-3.18%	27.0	1:11.6		287.00	274.80	3.61%	95.75%

**Sources:** District records

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEAR  
REVISED**

DISTRICT BUILDINGS	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Elementary Schools:										
South Harrison Township (1949):										
Square Feet	68,543	68,543	68,543	68,543	68,543	68,543	68,543	68,543	35,562	35,562
Capacity (Students)	463	463	463	463	463	463	463	463	239	239
Enrollment	383	373	360	372	378	360	337	328	312	288

Number of Buildings at June 30, 2012:

- Elementary = 1
- Middle = 0
- High School = 0
- Other = 0

**Source:** District Facilities Office

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS**

UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES  
11-000-261-xxx

SCHOOL FACILITIES *	SOUTH HARRISON ELEMENTARY	TOTAL
2015	\$ 89,378	89,378
2014	104,162	104,162
2013	81,220	81,220
2012	79,180	79,180
2011	50,720	50,720
2010	71,376	71,376
2014	73,184	73,184
2008	65,862	65,862
2007	48,721	48,721
2006	40,711	40,711

Total School Facilities

\* District Facilities ad defined under EFCFA. (*N.J.A.C.6A:26-1.2 & N.J.A.C.6:24-1.3*)

Source: District records

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE**

	<b>GCSSDJIF SELF INSURED</b>		
	<b>COVERAGE</b>	<b>RETENTION</b>	<b>DEDUCTIBLE</b>
<b>School Package Policy -Gloucester, Cumberland, Salem School Districts Joint Insurance Fund*:</b>			
Property, Inland Marine & Automobile:			
Physical Damages	\$ 150,000,000	\$ 250,000	\$ 500
General & Automobile Liability	10,000,000	250,000	-
Boiler & Machinery	125,000,000	-	1,000
Crime	500,000	250,000	500
Educator's Legal Liability	10,000,000	100,000	-
Workers Compensation & Employers' Liability	Statutory	250,000	-
Pollution Legal Liability	3,000,000	-	25,000
<b>*Excess &amp; Reinsurance Carriers Involved:</b>			
Property & Crime	SPELLFIF, Selective Insurance Company of America Axis Surplus Insurance Company Westchester Surplus Lines Insurance Company Alterra Excess & Surplus Insurance Company Alliance Global Corporate & Specialty Marine Insurance Company RSUI Indemnity Company		
General Liability, Automobile Liability, Workers' Comp., Educator's Legal Liability	SPELLFIF, Selective Insurance Company of America		
<b>*Group Purchase of Primary Insurance</b>			
<b>Coverage Carrier Array:</b>			
Boiler & Machinery	Travelers Insurance Company		
Pollution Legal Liability	ACE American Insurance Company		
<b>Public Employees' Faithful Performance</b>			
<b>Blanket Position Bond - Selective Insurance Co.:</b>			
Board Secretary/Business Administrator	3,000	-	-
Treasurer of School Monies	150,000	-	-
Student Accident Insurance - Insurance Company	1,000,000	-	-

Source: District records

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**SINGLE AUDIT SECTION**

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EXHIBIT K-1

**INDEPENDENT AUDITOR'S 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**

Honorable President and Members  
of the Board of Education  
South Harrison Township School District  
County of Gloucester  
Harrisonville, New Jersey 08039

We 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 *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental and business-type activities, each major fund and the aggregate remaining fund information of the South Harrison Township School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the South Harrison Township School District's basic financial statements, and have issued our report thereon dated December 4, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the South 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South Harrison Township School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the South 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the South Harrison Township School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Michael Holt  
Certified Public Accountant  
Public School Accountant  
No. 1148

Medford, New Jersey  
December 4, 2015



EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04 AND/OR 15-08.**

Honorable President and Members  
of the Board of Education  
South Harrison Township School District  
County of Gloucester  
Harrisonville, New Jersey 08039

**Report on Compliance for Each Major State Program**

We have audited the South Harrison Township School District’s compliance with the types of compliance requirements described in the *New Jersey Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District’s major state programs for the year ended June 30, 2015. The South Harrison Township School District’s major state programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management’s Responsibility**

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

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of South Harrison Township School District’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*; the *New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB’s Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB’s Circulars 04-04 and 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a

direct and material effect on major state program occurred. An audit includes examining, on a test basis, evidence about the South Harrison Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major State Program**

In our opinion, the South Harrison Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

### **Report on Internal Control Over Compliance**

Management of the South 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 our audit of compliance, we considered the South Harrison Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 or New Jersey OMB's Circular(s) 04-04 and/or 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the South Harrison Township School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB's Circular(s) 04-04 and/or 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Michael Holt  
Certified Public Accountant  
Public School Accountant  
No. 1148

Medford, New Jersey  
December 4, 2015

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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
FOR FISCAL YEAR ENDED JUNE 30, 2015**

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2014	CASH RECEIVED	ADJUSTMENTS	BUDGETARY EXPENDITURES	MEMO	
								BALANCE AT JUNE 30, 2015 (ACCOUNTS RECEIVABLE)	BUDGETARY RECEIVABLE
<b>State Department of Education</b>									
General Fund:									
Current Expense:									
Equalization Aid	15-495-034-5120-078	\$ 888,987	7/1/14-6/30/15	\$ -	\$ 888,987	\$ -	\$ (888,987)	\$ -	\$ 888,987
Special Education Categorical Aid	15-495-034-5120-089	207,121	7/1/14-6/30/15	-	207,121	-	(207,121)	19,704	207,121
Transportation Aid	15-495-034-5120-014	31,891	7/1/14-6/30/15	-	31,891	-	(31,891)	3,034	31,891
School Choice	15-495-034-5120-068	267,428	7/1/14-6/30/15	-	267,428	-	(267,428)	25,442	267,428
Security Aid	15-495-034-5120-084	26,008	7/1/14-6/30/15	-	26,008	-	(26,008)	2,474	26,008
Under Adequacy Aid	15-495-034-5120-083	6,832	7/1/14-6/30/15	-	6,832	-	(6,832)	650	6,832
Supplemental Enrollment Growth Aid	15-495-034-5120-094	149,760	7/1/14-6/30/15	-	149,760	-	(149,760)	14,248	149,760
Per Pupil Growth Aid	15-495-034-5120-097	3,690	7/1/14-6/30/15	-	3,690	-	(3,690)	351	3,690
PARCC Readiness Aid	15-495-034-5120-098	3,690	7/1/14-6/30/15	-	3,690	-	(3,690)	351	3,690
Reimbursement of Nonpublic School Transportation Costs	15-100-034-5120-068	5,046	7/1/14-6/30/15	-	-	-	(5,046)	-	5,046
Reimbursement of Nonpublic School Transportation Costs	14-100-034-5120-068	4,993	7/1/13-6/30-14	(4,993)	4,993	-	-	-	-
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	139,453	7/1/14-6/30/15	-	132,495	-	(139,453)	(6,958)	139,453
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	136,583	7/1/13-6/30-14	(6,431)	6,431	-	-	-	-
On-Behalf: TPAF Pension Contributions	15-495-034-5095-001	99,598	7/1/14-6/30/15	-	99,598	-	(99,598)	-	99,598
Post Retirement Medical Contributions	15-495-034-5095-001	158,110	7/1/14-6/30/15	-	127,173	-	(158,110)	(30,937)	158,110
<b>Total General Fund</b>				(11,424)	1,956,097		(1,987,614)	150,827	1,987,614
<b>Capital Projects Fund:</b>									
ROD Grant - Playground Upgrades Project	4880-050-14-2001-G04	122,800	7/1/13-6/30/16	(4,750)	-	-	(106,108)	-	106,108
ROD Grant - Roof Replacement Project	4880-050-14-1006-G04	33,200	7/1/13-6/30/16	-	-	-	(29,342)	-	29,342
ROD Grant - HVAC Project	4880-050-14-1002-G04	168,800	7/1/14-6/30/16	-	-	-	(104,951)	-	104,951
<b>Total Capital Projects Fund</b>				(4,750)	-	-	(240,401)	-	240,401
<b>Debt Service Fund:</b>									
Debt Service Aid Type II	15-495-034-5120-125	183,669	7/1/14-6/30/15	-	183,669	-	(183,669)	-	183,669
<b>Total Debt Service Fund</b>				-	183,669	-	(183,669)	-	183,669
<b>Total State Financial Assistance</b>				\$ (16,174)	\$ 2,139,766	\$ -	(2,411,684)	\$ 150,827	\$ 2,411,684
Less: Grants Not Subject to New Jersey OMB Circular 04-04:									
On-Behalf TPAF Pension Contributions	15-495-034-5095-001	99,598	7/1/14-6/30/15				99,598		99,598
On-Behalf TPAF Post-Retirement Medical	15-495-034-5095-001	158,110	7/1/14-6/30/15				158,110		158,110
<b>Total State Financial Assistance subject to New Jersey OMB Circular 04-04</b>							<u>\$ (2,153,976)</u>		

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**SOUTH HARRISON TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

**1. General**

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

**2. Basis of Accounting**

The accompanying schedules of expenditures of awards and financial assistance are presented on 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 basis of accounting are described in Note 1 to the Board's 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 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 last two state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A.18A:22-44.2*. For GAAP purposes payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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 last state aid payment in the current budget year, consistent with *N.J.S.A.18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$7,122 for the general fund and \$0 for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

**SOUTH HARRISON TOWNSHIP BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2015**

**3. Relationship to Basic Financial Statements (continued):**

	<b>State</b>
General Fund	\$1,994,736
Capital Projects Fund	240,401
Debt Service Fund	<u>183,669</u>
Total Financial Assistance	<u>\$2,418,806</u>

**4. Relationship to State Financial Reports**

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

**5. Other**

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2015. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

**Note 6. Federal and State Loans Outstanding**

South Harrison Township Board of Education had no loan balances outstanding at June 30, 2015.

**SOUTH HARRISON TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF FINDINGS & 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:	<u>Unmodified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to basic financial Statements noted?	None Reported

**State Awards**

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes
Type of auditor’s report issued on compliance for major programs	<u>Unmodified</u>
Internal Control over major programs:	
1) Material weakness(es) identified?	None Reported
2) Significant deficiencies identified that are not considered To be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter(s) 04-04 and/or 15-08	None Reported

**Identification of major programs:**

GMIS Number(s)	Name of State Program
15-495-034-5120-078	Equalization Aid
15-495-034-5120-089	Special Education Aid
15-495-034-5120-068	School Choice Aid
15-495-034-5120-084	Security Aid
15-495-034-5120-094	Supplemental Enrollment Growth Aid
15-495-034-5120-097	Per Pupil Growth Aid
15-495-034-5120-098	PARCC Readiness Aid

**SOUTH HARRISON TOWNSHIP BOARD OF EDUCATION  
SCHEDULE OF FINDINGS & QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2015**

**Section II – 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 Current Year Findings

**Section III – State Financial Assistance Finding & Questioned Costs**

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB's Circular Letter(s) 04-04 and/or 15-08.

No Current Year Findings

**SOUTH HARRISON TOWNSHIP BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR 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 state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315 (a)(b)) and New Jersey OMB's Circular(s) 04-04 and/or 15-08.

No Prior Year Findings