

**SCHOOL DISTRICT  
OF  
SOUTH HARRISON TOWNSHIP**

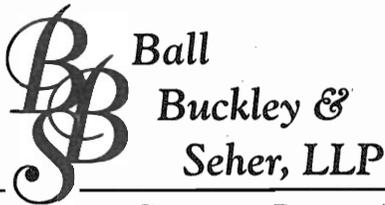
**South Harrison Township Board of Education  
Harrisonville, New Jersey**

***Auditor's Management Report On Administrative  
Findings - Financial, Compliance, and Performance  
For the Fiscal Year Ended June 30, 2011***

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Tax I.D. Number: 21-6000260



CERTIFIED PUBLIC ACCOUNTANTS



## REPORT OF INDEPENDENT AUDITORS

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

We have audited, in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the South Harrison Township School District in the County of Gloucester for the year ended June 30, 2011, and have issued our report thereon dated November 29, 2011.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of the South Harrison Township Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in cursive script that reads 'William H. Buckley, III'.

William H. Buckley, III  
Licensed Public School Accountant #86  
BALL, BUCKLEY AND SEHER, LLP

November 29, 2011

# ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE, AND PERFORMANCE

## Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the Treasurer of School Moneys, the activities of the Board of Education, and the records of the various funds under the auspices of the Board of Education.

## Administrative Practices and Procedures

### *Insurance*

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule contained in the District's C.A.F.R.

### *Official's Bonds (N.J.S.A. 18A:17-26, 18A:17-32)*

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Janine M. Wechter	School Business Administrator	\$ 3,000.00
Elizabeth Allvord	Treasurer	\$ 150,000.00

## Financial Planning, Accounting, and Reporting

### *Examination of Claims*

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification, or supporting documentation.

### *Payroll Account*

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/Business Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the general fund.

Payrolls were delivered to the Treasurer of School Moneys with a warrant made to his order for the full amount of each payroll.

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (superintendent, assistant superintendents, and business administrator) to the New Jersey Department of Treasury was filed by the March 15 due date.

Reporting of employee compensation for income tax related purposes complied with federal and state regulations regarding the compensation which is required to be reported.

### *Reserve for Encumbrances and Accounts Payable*

A review of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable.

District personnel did perform an analysis of outstanding purchase orders at June 30 and prepare the separate listings of purchase orders comprising the balance sheet account balances for accounts payable and reserve for encumbrances.

Payments were made with proper authorization for amounts which exceeded the original approved purchase order amounts.

#### *Travel*

The District obtained written approval of the Executive County Superintendent for any travel event that exceeded \$5,000.00 as required by N.J.A.C. 6A:23A-5.9.

The District has an approved board travel policy as required by N.J.A.C. 6A:23A-6.13 and N.J.S.A. 18A:11-12.

Payment for travel by an employee was approved prior to the completion of the travel event.

#### *Classification of Expenditures*

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, a transaction error rate of 0.00% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

General Classification - Our test of transactions noted that there were no misclassified or misbudgeted costs.

Administrative Classification - Our test of administrative staff salaries found that salaries were properly charged to the administrative function budget line items.

#### *Board Secretary's Records*

Our review of the financial and accounting records maintained by the Board Secretary disclosed the following items.

Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21).

Acknowledgment of the Board's receipt of the Board Secretary's and the Treasurer's monthly financial reports was included in the minutes.

No budgetary line accounts were overexpended during the fiscal year and at June 30.

The Board Secretary filed monthly certifications of the budgetary line items status which are consistent with the actual budgetary records.

Payments to vendors were not made prior to the receipt of goods.

The capital asset records were updated for the additions and disposals of capital assets made during the year.

The District made board approved line-item transfers during the year and maintained a monthly transfer report and year-to-date transfers in a format prescribed by the Commissioner.

The District used an E-Rate consultant during the audit year. This consultant properly filed the appropriate claim forms on a timely basis for the District. No refunds have been received yet for E-Rate reimbursements for the school year 2010-11 but are anticipated to be received in 2011-12. Due to the possibility in a change in the discount rate, an accurate refund receivable could not be determined. Additionally, the tracking of these refunds is potentially very difficult and time intensive. Thus, said refund receivables has not been recorded on the District's books as of June 30, 2011.

#### *Treasurer's Records*

The following items were noted during our review of the records of the Treasurer.

The Treasurer's records were maintained by an employee of the board appointed to the position of Treasurer of School Moneys.

The Treasurer performed cash reconciliations for the General Operating Account, Payroll Account, and Payroll Agency Account (N.J.S.A. 18A:17-9).

All cash receipts were promptly deposited (N.J.S.A. 18A:17-34, 18A:17-9.1).

The Treasurer's records were in agreement with the records of the Board Secretary.

#### *Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (I.A.S.A.) as Reauthorized by the No Child Left Behind Act of 2001*

The E.S.E.A./N.C.L.B. financial exhibits are contained within the Special Revenue Section of the C.A.F.R. This section of the C.A.F.R. documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

A study of compliance for E.S.E.A. indicated no areas of noncompliance and/or questionable costs.

Salary charges were documented each pay period and allocated salary charges for teaching staff members was supported by employee time sheets.

Due to grantor balances were returned or disposed of in accordance with the grant agreement.

#### *Other Special Federal and/or State Projects*

The District's special projects were approved as listed on Schedule A and Schedule B located in the C.A.F.R.

Our audit of the federal and state funds on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the C.A.F.R. This section of the C.A.F.R. documents the financial position pertaining to the aforementioned special projects.

The study of compliance for the special projects indicated no areas of noncompliance and/or questionable costs.

#### *I.D.E.A. Part B*

Separate accounting was maintained for each approval project.

Grant application approvals and acceptance of grant funds were made by Board resolution and recorded in the minutes.

### *T.P.A.F. Reimbursement*

Our audit procedures included a test of the biweekly reimbursements (electronic, but districts can print out the DOENET screen for an auditor) filed with the Department of Education for district employees who are members of the Teacher's Pension and Annuity Fund. No exceptions were noted.

### *Nonpublic State Aid*

Project Completion Reports were finalized and transmitted to the Department by the due date.

### **School Purchasing Programs**

#### *Contracts and Agreements Requiring Advertisement for Bids*

Effective July 1, 2010 and thereafter, the bid threshold in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$36,000.00 and \$26,000.00, respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$17,200.00.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory threshold within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Based on the results of our examination, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4, amended.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

### **School Food Service**

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records, and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

The District does not utilize a food service management company (FSMC).

Expenditures were separately recorded as food, labor, and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months average expenditures.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all school food services' employees authorized by the Board of Education. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications on file, times the number of operating days, on a school by school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. Sites approved to participate in Provisions were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.

Food distribution program commodities were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Fund, Section G of the C.A.F.R.

### **Student Body Activities**

During our review of the student activity funds, the following items were noted.

The Board had a policy that clearly established the regulation of student activity funds.

Cash receipts and disbursements were properly recorded and had adequate supporting documentation.

Receipts were deposited on a timely basis.

### **Application for State School Aid**

Our audit procedures included tests of information reported in the October 15, 2010 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income, and bilingual. We also performed a review of the District's procedures related to its completion. The information on the A.S.S.A. was compared to the District's workpapers with minor exceptions. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed state forms or their equivalent.

The District written procedures appear to be adequate for the recording of student enrollment data.

### **Pupil Transportation**

Our audit procedures included a test of on-roll status reported in the 2010-11 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

### **Facilities and Capital Assets**

Our procedures included a review of the transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

Contracts were not awarded prior to signing of the grant.

Funds were not transferred from the capital reserve account to the capital projects fund.

The District did not enter into an energy services contract (ESCO).

**Follow-Up On Prior Years' Findings**

Not Applicable

**Acknowledgment**

We received the complete cooperation of all the officials of the School District, and we greatly appreciate the courtesies extended to the members of the audit team.

SCHEDULE OF AUDITED ENROLLMENTS  
SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
APPLICATION FOR STATE SCHOOL AID SUMMARY  
Enrollment As Of October 15, 2010

	2011-12 Application For State School Aid						Private Schools for Disabled						Resident LEP Low Income						Resident LEP NOT Low Income						Sample For Verification								
	Reported On A.S.S.A. On Roll		Workpapers On Roll		Errors		Sample Selected From Workpapers		Registers On Roll		Sample Verified		Sample Errors		Reported On A.S.S.A. As Low Income		Workpapers As LEP Low Income		Errors		Sample Selected From Workpapers		Registers As NOT Low Income		Sample Selected From Workpapers		Registers As NOT Low Income		Sample Selected From Workpapers		Registers		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared			
Half-day preschool 4 yrs	6.0	-	6.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Full-day kindergarten	45.0	-	45.0	-	-	-	-	23.0	-	-	-	-	-	-	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
One	50.0	-	50.0	-	-	-	-	25.0	-	-	-	-	-	-	4.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Two	48.0	-	48.0	-	-	-	-	24.0	-	-	-	-	-	-	4.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Three	39.0	-	39.0	-	-	-	-	20.0	-	-	-	-	-	-	2.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Four	42.0	-	42.0	-	-	-	-	21.0	-	-	-	-	-	-	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Five	55.0	-	55.0	-	-	-	-	28.0	-	-	-	-	-	-	5.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Six	50.0	-	50.0	-	-	-	-	25.0	-	-	-	-	-	-	4.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Subtotal	335.0	-	335.0	-	-	-	-	166.0	-	-	-	-	-	-	23.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Special Ed - Elementary	32.0	-	32.0	-	-	-	-	16.0	-	-	-	-	-	-	2.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Ed - Middle School	3.0	-	3.0	-	-	-	-	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	35.0	-	35.0	-	-	-	-	19.0	-	-	-	-	-	-	2.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	370.0	-	370.0	-	-	-	-	185.0	-	-	-	-	-	-	25.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Percentage error															0%																		0%

	Reported On		Transportation		Re-	
	By DOE	By District	Errors	Tested	Reported	Calculated
Regular - public schools	203.0	203.0	-	158.0	3.9	3.9
Regular - special ed	11.0	11.0	-	2.0	3.9	3.9
Add in lieu	28.0	28.0	-	6.0	8.6	8.6
Transported - nonpublic	14.0	14.0	-	7.0	-	-
Special ed spec	5.0	5.0	-	1.0	-	-
Totals	261.0	261.0	-	174.0		
Percentage error						0.00%

**EXCESS SURPLUS CALCULATION**

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
For the Fiscal Year Ended June 30, 2011**

**Section 1**

**A. 2% Calculation of excess surplus**

2010-11 Total general fund expenditures per the C.A.F.R., Exhibit C-1	\$ 3,778,254.52	(B)
Increased by:		
Transfer to food service fund	0.00	(B1a)
Transfer from capital outlay to capital projects fund	0.00	(B1b)
Transfer from capital reserve to capital projects fund	0.00	(B1c)
Decreased by:		
On-behalf TPAF pension and social security	253,088.23	(B2a)
Assets acquired under capital leases	0.00	(B2b)
	<hr/>	
Adjusted 2010-11 general fund expenditures [(B) + (B1's) - (B2's)]	\$ 3,525,166.29	(B3)
	<hr/>	
2% of adjusted 2010-11 general fund expenditures [(B3) times .02]	\$ 70,503.33	(B4)
	<hr/>	
Enter greater of (B4) or \$250,000.00	\$ 250,000.00	(B5)
Increased by: allowable adjustment*	23,677.82	(K)
	<hr/>	
Maximum unreserved/undesignated fund balance [(B5) + (K)]		\$ 273,677.82 (M)
		<hr/>

**Section 2**

Total general fund - fund balances at 6-30-11 (per C.A.F.R. budgetary comparison schedule C-1)	\$ 660,163.19	(C)
Decreased by:		
Year-end encumbrances	154,787.00	(C1)
Legally restricted - designated for subsequent year's expenditures	0.00	(C2)
Legally restricted - excess surplus - designated for subsequent year's expenditures**	0.00	(C3)
Other restricted fund balances****	23,922.90	(C4)
Assigned fund balance - unreserved - designated for subsequent year's expenditures	110,000.00	(C5)
	<hr/>	
Total unassigned fund balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]		\$ 371,453.29 (U1)
		<hr/>

**Section 3**

Restricted fund balance - excess surplus*** [(U1) - (M)] if negative enter -0-		\$ 97,775.47 (E)
		<hr/>

**Recapitulation of excess surplus as of June 30, 2011**

Reserved excess surplus - designated for subsequent year's expenditures**	\$ 0.00	(C3)
Reserved excess surplus*** [(E)]	97,775.47	(E)
	<hr/>	
Total [(C3) + (E)]		\$ 97,775.47 (D)
		<hr/>

\*This adjustment line (as detailed below) is to be utilized for impact aid, sale and lease-back (refer to the Audit Program Section II, Chapter 10), extraordinary aid, additional nonpublic school transportation aid, and unbudgeted TPAF wage freeze grant funding. Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of extraordinary aid and additional nonpublic school transportation aid.

Detail of allowable adjustments

Impact aid	\$	0.00	(H)
Sale and lease-back		0.00	(I)
Extraordinary aid		16,374.00	(J1)
Additional nonpublic school transportation aid		7,012.82	(J2)
Unbudgeted TPAF wage freeze grant funding		291.00	(J3)
		<u>23,677.82</u>	
Total adjustments [(H) + (I) + (J1) + (J2) + (J3)]	\$	<u>23,677.82</u>	(K)

\*\*This amount represents the June 30, 2010 excess surplus (C3 above) and must be included in the Audit Summary Worksheet, Line 10025.

\*\*\* Amount must agree to the June 30, 2011 C.A.F.R. and the sum of the two lines must agree to Audit Summary Worksheet, Line 10024.

\*\*\*\* Amount for other reserved fund balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by an other type of government, such as the judicial branch of government, must have departmental approval. District requests should be submitted to the Division of Finance prior to September 30.

Detail of other restricted fund balance

Statutory restrictions:

Approved unspent separate proposal	\$	0.00
Capital outlay for a district with a capital outlay cap waiver		0.00
Sale/lease-back reserve		0.00
Capital reserve		23,922.90
Maintenance reserve		0.00
Emergency reserve		0.00
Waiver offset reserve		0.00
Tuition reserve		0.00
Other state/government mandated reserve		0.00

[Other reserved fund balance not noted above]\*\*\*\* 0.00

Total other restricted fund balance \$ 23,922.90 (C4)

  
\_\_\_\_\_  
William H. Buckley, III  
Licensed Public School Accountant #86  
BALL, BUCKLEY AND SEHER, LLP

**SCHOOL DISTRICT  
OF  
SOUTH HARRISON TOWNSHIP**

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

***Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2011***

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***Comprehensive Annual***

***Financial Report***

***of the***

***South Harrison Township Board of Education***

***Harrisonville, New Jersey***

***For the Fiscal Year Ended June 30, 2011***

***Prepared by***

***Janine M. Wechter  
School Business Administrator***

## **Introductory Section**

# ***SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT***

---

**DAVID W. DATZ**  
*Chief School Administrator*

**JANINE M. WECHTER**  
*School Business Administrator/  
Board Secretary*

904 Mullica Hill Road/P.O. Box 112  
Harrisonville, New Jersey 08039-0112  
Telephone (856) 769-0855  
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Email [wechterj@southharrison.k12.nj.us](mailto:wechterj@southharrison.k12.nj.us)

November 29, 2011

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, 2011, 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**

The South Harrison Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. 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.

## 1. Reporting Entity and Its Services (Concluded)

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 2010-2011 fiscal year with an enrollment of 370 students, which is 7 students more than the previous year's enrollment. 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 (As of October 15th)</u>	<u>Percent Change</u>
2006-07	312.0	8.11%
2007-08	328.0	5.13%
2008-09	337.0	2.74%
2009-10	360.0	6.82%
2010-11	378.0	5.00%

## 2. Economic Condition and Outlook

The South Harrison Township area is experiencing a period of steady growth. The development taking place has increased the school's population steadily over the past few years. 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. This increase in taxes has caused a burden to the lower income residents, especially those on fixed incomes.

## 3. Major Initiatives

The South Harrison Township School District participated with the Regional Curriculum Planning Committee in the development of regional K-12 curricula that reflects the core content standards and stresses articulation throughout all grade levels. The District hired a shared curriculum writer with the regional elementary districts.

The technology plan is followed by a technology committee, which is made up of board, parents, community members, administration, and staff. The District continues to develop a new website for the District. The District is working hard to better communicate with the community.

The District worked very hard on improving the Ask Test scores. Teachers and staff worked on ideas and activities that would improve our scores. The District purchased materials to address the staff activities and ideas. We made AYP which makes very proud.

Finally, with our budget concerns, we have gone to a block schedule for our fourth, fifth, and sixth graders. Our class sizes have increased, with 31 students in each sixth grade.

## 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.

#### **4. Internal Accounting Controls (Concluded)**

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 approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2011.

#### **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**

### **A. Independent Audit**

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ball, Buckley and Seher, LLP, Certified Public Accountants, 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 School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

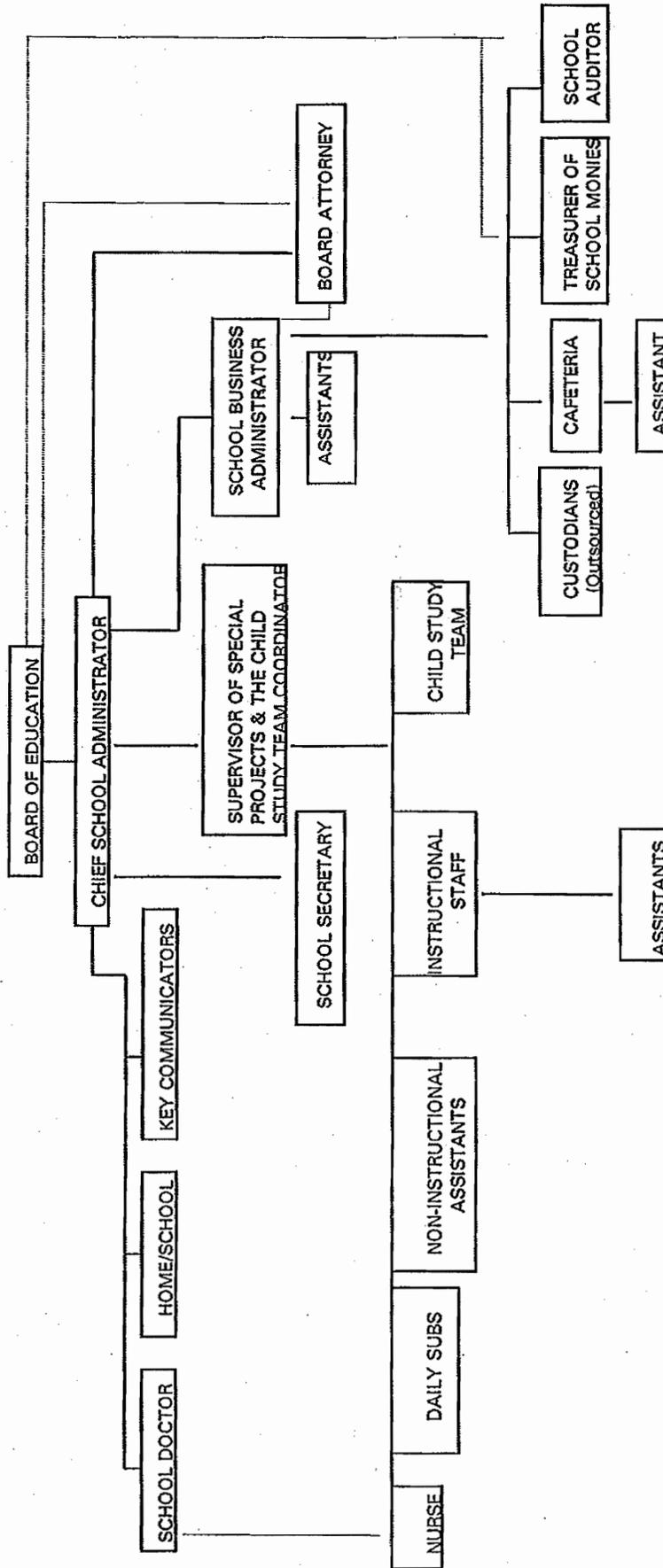
Respectfully submitted,

David W. Datz  
Chief School Administrator

Janine M. Wechter  
School Business Administrator

**SOUTH HARRISON TOWNSHIP BOARD OF EDUCATION  
HARRISONVILLE, NEW JERSEY**

**ORGANIZATIONAL CHART  
JUNE 30, 2011**



ADOPTED: May 18, 1992  
 REVISED: April 22, 2008  
 REVISED: May 3, 2011

Solid Line - Direct  
 Broken Line - Support

**SOUTH HARRISON TOWNSHIP BOARD OF EDUCATION  
HARRISONVILLE, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2011**

Term  
Expires

**Members of the Board of Education**

Debbie Cunningham, President	2012
Michael Brennan, Vice President	2012
Karen Nuss	2012
Jonathan Feinbaum	2013
Janice Huggins	2013
Heidi Lerch	2013
Stephen Bleistine	2014
Michael Finnan	2014
James McShea	2014

**Other Officials**

David W. Datz, Chief School Administrator  
Janine M. Wechter, School Business Administrator  
Elizabeth Allvord, Treasurer  
Robert Muccilli, Solicitor

**SOUTH HARRISON TOWNSHIP BOARD OF EDUCATION**

**Consultants and Advisors**

***Audit Firm***

Ball, Buckley and Seher, LLP  
Certified Public Accountants  
1301 North Broad Street  
Woodbury, New Jersey 08096

***Solicitor***

Capehart and Scatchard, P.A.  
Robert Muccilli, Esquire  
Laurel Corporate Center  
Suite 300  
8000 Midlantic Drive  
Mount Laurel, New Jersey 08004

***Fiscal Agent***

The Bank of New York

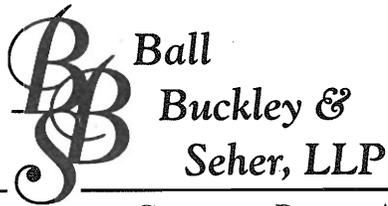
***Official Depository***

Susquehanna Patriot Bank  
114 North Main Street  
Mullica Hill, New Jersey 08062

***Architect***

Fraytak, Veisz, Hopkins, Duthie, PC  
1515 Lower Ferry Road  
Post Office Box 7371  
Trenton, New Jersey 08628

## **Financial Section**



CERTIFIED PUBLIC ACCOUNTANTS



**UNQUALIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS ACCOMPANIED  
BY REQUIRED SUPPLEMENTARY INFORMATION AND SUPPLEMENTARY  
SCHEDULE OF FEDERAL AND STATE AWARDS AND OTHER  
SUPPLEMENTARY INFORMATION - GOVERNMENTAL ENTITY**

**Independent Auditor's Report**

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the South Harrison Township School District, County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education of the South Harrison Township School District's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America 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 Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the South Harrison Township School District as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 29, 2011 on my consideration of the Board of Education of the South Harrison Township School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

-8-

The Management Discussion and Analysis and Budgetary Comparison Information on pages 10 through 17 and 46 through 59 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the South Harrison Township School District's basic financial statements. The accompanying introductory section, and other supplementary information, such as, the combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis 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 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

BALL, BUCKLEY AND SEHER, LLP



William H. Buckley, III  
Licensed Public School Accountant No. 86

November 29, 2011

***Required Supplementary Information - Part I***

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR JUNE 30, 2011  
(UNAUDITED)**

This section of South Harrison Township School District's (District) comprehensive annual financial report presents management's discussion and analysis of the District's financial performance during the year ending June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should read it in conjunction with the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

- Total revenues of \$5,149,496.61 were comprised of general revenues in the amount of \$4,459,389.86 or 86.60 percent and program specific revenues from charges for services, grants, and contributions in the amount of \$690,106.75 or 13.40 percent.
- The District had \$4,639,341.82 in expenses related to governmental activities; only \$578,337.57 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily taxes and state aid) of \$4,459,389.86 were sufficient to provide for these programs.
- Among major funds, the General Fund had \$3,956,446.89 in revenues and \$3,778,254.52 in expenditures. The General Fund's balance increased \$178,236.85 over 2010. This increase was anticipated by the Board of Education. The School District utilized General Fund balance to offset the community property tax assessment for the 2010-2011 school year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused sick leave).

The government-wide financial statements can be found on pages 18 to 19 of this report.

**Fund financial statements.** A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the district -wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district -wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the special revenue fund, the debt service fund, and the capital projects fund, each of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 20 to 26 of this report.

- **Proprietary funds.** The District maintains one proprietary fund type. The *food service fund* has historically operated as an *enterprise fund* using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statements for the district as a whole.
- **Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are *not* reflected in the government-wide financial statement because the District cannot use these funds to finance its operations.

The District uses an agency fund to account for resources held for student activities and groups. The basic fiduciary fund financial statements can be found on pages 67 through 69 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 to 45 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 46 to 73 of this report.

### **The School District as a Whole**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position.

Table 1 provides a summary of the School District's net assets:

Table 1  
Net Assets

	2011			2010		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Assets:						
Current and other assets	\$ 628,849.46	\$ 9,142.17	\$ 637,991.63	\$ 502,122.34	\$ 17,126.28	\$ 519,248.62
Capital assets, net	15,158,395.01	70,008.00	15,228,403.01	15,317,386.00	76,691.00	15,394,077.00
Total assets	15,787,244.47	79,150.17	15,866,394.64	15,819,508.34	93,817.28	15,913,325.62
Liabilities:						
Current and other liabilities	283,830.41	22,067.21	305,897.62	337,481.07	19,056.10	356,537.17
Long-term liabilities:						
Due within one year	402,217.69	0.00	402,217.69	387,217.69	0.00	387,217.69
Due in more than one year	12,401,310.46	0.00	12,401,310.46	12,793,309.28	0.00	12,793,309.28
Total liabilities	13,087,358.56	22,067.21	13,109,425.77	13,518,008.04	19,056.10	13,537,064.14
Net assets:						
Invested in capital assets, net of debt	2,427,658.28	70,008.00	2,497,666.28	2,199,431.58	76,691.00	2,276,122.58
Restricted for:						
Debt service	0.96	0.00	0.96	0.43	0.00	0.43
Capital projects	31,436.80	0.00	31,436.80	31,209.04	0.00	31,209.04
Unrestricted	240,789.87	(12,925.04)	227,864.83	70,859.25	(1,929.82)	68,929.43
Total net assets	\$ 2,699,885.91	\$ 57,082.96	\$ 2,756,968.87	\$ 2,301,500.30	\$ 74,761.18	\$ 2,376,261.48

**Table 2**  
**Changes in Net Assets**

Table 2 shows the changes in net assets:

	2011			2010		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Program revenues:						
Charges for services	\$ 0.00	\$ 90,365.06	\$ 90,365.06	\$ 0.00	\$ 100,578.04	\$ 100,578.04
Operating grants and contributions	578,337.57	21,404.12	599,741.69	606,420.07	25,536.02	631,956.09
General revenues:						
Property taxes	2,625,422.00	0.00	2,625,422.00	2,542,860.00	0.00	2,542,860.00
Grants and entitlements	1,043,762.82	0.00	1,043,762.82	1,199,242.00	0.00	1,199,242.00
Debt service	751,735.00	0.00	751,735.00	685,607.00	0.00	685,607.00
Other	38,470.04	0.00	38,470.04	66,003.64	0.00	66,003.64
Total revenues	5,037,727.43	111,769.18	5,149,496.61	5,100,132.71	126,114.06	5,226,246.77
Program expenses:						
Instruction	1,662,663.02	0.00	1,662,663.02	1,890,592.59	0.00	1,890,592.59
Tuition	149,851.00	0.00	149,851.00	113,873.08	0.00	113,873.08
Student and instruction related services	382,665.02	0.00	382,665.02	403,290.22	0.00	403,290.22
School administration services	1,000.06	0.00	1,000.06	40,312.26	0.00	40,312.26
General and business services	376,236.76	0.00	376,236.76	361,043.19	0.00	361,043.19
Plant operations and maintenance	391,778.70	0.00	391,778.70	427,486.37	0.00	427,486.37
Pupil transportation	327,052.12	0.00	327,052.12	356,581.15	0.00	356,581.15
Unallocated benefits	614,081.18	0.00	614,081.18	643,985.99	0.00	643,985.99
Debt service	544,525.04	0.00	544,525.04	551,478.62	0.00	551,478.62
Unallocated depreciation	189,488.92	0.00	189,488.92	187,202.34	0.00	187,202.34
Enterprise operation	0.00	129,447.40	129,447.40	0.00	135,482.59	135,482.59
Total expenses	4,639,341.82	129,447.40	4,768,789.22	4,975,845.81	135,482.59	5,111,328.40
Increase (decrease) in net assets	\$ 398,385.61	\$ (17,678.22)	\$ 380,707.39	\$ 124,286.90	\$ (9,368.53)	\$ 114,918.37

### Governmental Activities

The tax levy in the amount of \$2,625,422.00 was approved in May 2010 by the South Harrison Township committee after the voters of the community defeated the budget in April 2010 for the operational expenses of the district. A tax levy in the amount of \$751,735.00 was raised for the payment of the district's bonded debt.

Instruction comprises 35.84 percent of governmental program expenses. Employee benefits were 13.24 percent and plant operations and maintenance was 8.44 percent.

Property taxes made up 67.04 percent of revenues for governmental activities for fiscal year 2011.

The Statement of Activities shows the cost of program services and the charges for these services and offsetting grants. Table 3 shows, for governmental activities, the total cost and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**  
**Governmental Activities**

	2011		2010	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 1,662,663.02	\$ 1,518,494.68	\$ 1,890,592.59	\$ 1,756,974.60
Tuition	149,851.00	149,851.00	113,873.08	113,873.08
Student and instruction related services	382,665.02	381,171.02	403,290.22	402,090.22
School administration services	1,000.06	1,000.06	40,312.26	40,312.26
General and business services	376,236.76	376,236.76	361,043.19	361,043.19
Plant operations and maintenance	391,778.70	391,778.70	427,486.37	427,486.37
Pupil transportation	327,052.12	327,052.12	356,581.15	356,581.15
Unallocated benefits	614,081.18	359,155.95	643,985.99	381,375.91
Debt service	544,525.04	366,775.04	551,478.62	342,486.62
Unallocated depreciation	189,488.92	189,488.92	187,202.34	187,202.34
<b>Total</b>	<b>\$ 4,639,341.82</b>	<b>\$ 4,061,004.25</b>	<b>\$ 4,975,845.81</b>	<b>\$ 4,369,425.74</b>

The dependence upon tax revenues is apparent. The community, as a whole, is the primary support for the South Harrison Township School District.

### **The District's Funds**

The District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$5,042,528.71 and expenditures of \$4,864,291.33. The net change in fund balance was most significant in the general fund due to the use of \$200,000.00 of fund balance for 2011 property tax relief. The tax revenues for payment of principal and interest on district debt flowed to the District's debt service fund in July 2010 and January 2011.

### **General Fund Budgeting Highlights**

The School 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.

During the course of fiscal 2011 the School District amended its General Fund budget numerous times. Generally these amendments are a reallocation of resources to facilitate changes in spending priorities in the district. The district uses a school-based budgeting system designed to tightly control the total school budget but provide the flexibility for location management.

For the General Fund, the final budget basis revenue was \$3,935,674.89 – an amount very close to the original budget estimate and the final budget basis expenditures was \$3,778,254.52 – a decrease of approximately 3.06% or \$119,226.48.

The district's ending unobligated cash balance was \$504,332.47.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2011, the District has \$15,228,403.01 invested in land, buildings, equipment; \$15,158,395.01 in governmental activities.

**Table 4  
Capital Assets at June 30, 2011 and 2010**

	2011			2010		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land, site, and site improvements	\$ 18,937.00	\$ 0.00	\$ 18,937.00	\$ 18,937.00	\$ 0.00	\$ 18,937.00
Construction in progress	12,621,884.00	0.00	12,621,884.00	12,621,883.24	0.00	12,621,883.24
Building and building improvements	2,419,884.00	0.00	2,419,884.00	2,577,322.00	0.00	2,577,322.00
Machinery and equipment	97,690.01	70,008.00	167,698.01	99,243.76	76,691.00	175,934.76
<b>Total</b>	<b>\$ 15,158,395.01</b>	<b>\$ 70,008.00</b>	<b>\$ 15,228,403.01</b>	<b>\$ 15,317,386.00</b>	<b>\$ 76,691.00</b>	<b>\$ 15,394,077.00</b>

**Debt**

At June 30, 2011, the District had \$12,803,528.15 in debt outstanding, \$402,217.69 due within one year.

Table 5 summarizes debt outstanding.

**Table 5  
Outstanding Debt at June 30, 2011 and 2010**

	2011			2010		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
School renovations	\$ 100,000.00	\$ 0.00	\$ 100,000.00	\$ 150,000.00	\$ 0.00	\$ 150,000.00
School refunding bonds	508,000.00	0.00	508,000.00	628,000.00	0.00	628,000.00
Construction of Additions and Renovations to South Harrison Schools	9,315,000.00	0.00	9,315,000.00	9,455,000.00	0.00	9,455,000.00
Construction of Additions and Renovations to South Harrison Schools	2,710,000.00	0.00	2,710,000.00	2,755,000.00	0.00	2,755,000.00
EDA loan	91,776.24	0.00	91,776.24	122,368.35	0.00	122,368.35
Unamortized premium	5,960.49	0.00	5,960.49	7,586.07	0.00	7,586.07
Compensated absences	72,791.42	0.00	72,791.42	62,572.55	0.00	62,572.55
<b>Total</b>	<b>\$ 12,803,528.15</b>	<b>\$ 0.00</b>	<b>\$ 12,803,528.15</b>	<b>\$ 13,180,526.97</b>	<b>\$ 0.00</b>	<b>\$ 13,180,526.97</b>

At June 30, 2011, the District's overall legal debt margin was exceeded by \$3,450,726.18.

## **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 are experiencing. The new addition opened in September 2008.

In conclusion, the South Harrison Township School District has committed itself to academic and financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School 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 Janine M. Wechter, School Business Administrator, South Harrison Township School District, 904 Mullica Hill Road, Harrisonville, NJ 08039 or by e-mail at [wechterj@southharrison.k12.nj.us](mailto:wechterj@southharrison.k12.nj.us).

***Basic Financial Statements***

***District-Wide Financial Statements***

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Statement of Net Assets**  
**June 30, 2011**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 504,332.47	\$ (2,768.53)	\$ 501,563.94
Receivables, net	58,973.41	0.00	58,973.41
Inventory	0.00	11,910.70	11,910.70
Deferred asset:			
Bond issuance costs	14,061.34	0.00	14,061.34
Restricted assets:			
Cash and cash equivalents	51,482.24	0.00	51,482.24
Capital assets, net	15,158,395.01	70,008.00	15,228,403.01
Total assets	<u>15,787,244.47</u>	<u>79,150.17</u>	<u>15,866,394.64</u>
<b>LIABILITIES:</b>			
Accrued interest	240,934.34	0.00	240,934.34
Accounts payable	22,296.07	11,500.30	33,796.37
Retained percentage due contractor	20,000.00	0.00	20,000.00
Deposits payable	600.00	0.00	600.00
Deferred revenue	0.00	10,566.91	10,566.91
Noncurrent liabilities:			
Due within one year	402,217.69	0.00	402,217.69
Due beyond one year	12,401,310.46	0.00	12,401,310.46
Total liabilities	<u>13,087,358.56</u>	<u>22,067.21</u>	<u>13,109,425.77</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	2,427,658.28	70,008.00	2,497,666.28
Restricted for:			
Capital projects	31,436.80	0.00	31,436.80
Debt service	0.96	0.00	0.96
Unrestricted	240,789.87	(12,925.04)	227,864.83
Total net assets	<u>\$ 2,699,885.91</u>	<u>\$ 57,082.96</u>	<u>\$ 2,756,968.87</u>

The accompanying notes to financial statements are an integral part of this statement.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2011**

Functions/Programs	Program Revenues			Net (Expenses) Revenue And Changes In Net Assets			
	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
<b>Instruction:</b>							
Regular	\$ 1,327,424.71	\$ 0.00	\$ 144,168.34	\$ 0.00	\$ (1,183,256.37)	\$ 0.00	\$ (1,183,256.37)
Special education	265,928.05	0.00	0.00	0.00	(265,928.05)	0.00	(265,928.05)
Other special instruction	69,310.26	0.00	0.00	0.00	(69,310.26)	0.00	(69,310.26)
<b>Support services:</b>							
Tuition	149,851.00	0.00	0.00	0.00	(149,851.00)	0.00	(149,851.00)
Student and instruction related services	382,665.02	0.00	1,494.00	0.00	(381,171.02)	0.00	(381,171.02)
School administrative services	1,000.06	0.00	0.00	0.00	(1,000.06)	0.00	(1,000.06)
Other administrative services	376,236.76	0.00	0.00	0.00	(376,236.76)	0.00	(376,236.76)
Plant operations and maintenance	391,778.70	0.00	0.00	0.00	(391,778.70)	0.00	(391,778.70)
Pupil transportation	327,052.12	0.00	0.00	0.00	(327,052.12)	0.00	(327,052.12)
Unallocated benefits	614,081.18	0.00	254,925.23	0.00	(359,155.95)	0.00	(359,155.95)
Interest on long-term debt	544,525.04	0.00	177,750.00	0.00	(366,775.04)	0.00	(366,775.04)
Unallocated depreciation and amortization	189,488.92	0.00	0.00	0.00	(189,488.92)	0.00	(189,488.92)
<b>Total governmental activities</b>	<b>4,639,341.82</b>	<b>0.00</b>	<b>578,337.57</b>	<b>0.00</b>	<b>(4,061,004.25)</b>	<b>0.00</b>	<b>(4,061,004.25)</b>
<b>Business-type activities:</b>							
Food service	125,829.00	86,746.66	21,404.12	0.00	0.00	(17,678.22)	(17,678.22)
Summer enrichment program	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ceramics/sculpture classes	1,246.40	1,246.40	0.00	0.00	0.00	0.00	0.00
Craft club	862.00	862.00	0.00	0.00	0.00	0.00	0.00
Target summer program	720.00	720.00	0.00	0.00	0.00	0.00	0.00
After school program	790.00	790.00	0.00	0.00	0.00	0.00	0.00
<b>Total business-type activities</b>	<b>129,447.40</b>	<b>90,365.06</b>	<b>21,404.12</b>	<b>0.00</b>	<b>0.00</b>	<b>(17,678.22)</b>	<b>(17,678.22)</b>
<b>Total primary government</b>	<b>\$ 4,768,789.22</b>	<b>\$ 90,365.06</b>	<b>\$ 599,741.69</b>	<b>\$ 0.00</b>	<b>(4,061,004.25)</b>	<b>(17,678.22)</b>	<b>(4,078,682.47)</b>
<b>General revenues:</b>							
<b>Taxes:</b>							
Property taxes, levied for general purposes, net					2,625,422.00	0.00	2,625,422.00
Taxes levied for debt service					751,735.00	0.00	751,735.00
Federal and state aid not restricted					1,043,762.82	0.00	1,043,762.82
Tuition					5,800.00	0.00	5,800.00
Investment earnings					15,697.42	0.00	15,697.42
Miscellaneous income					12,726.90	0.00	12,726.90
Gain/(loss) on disposal of fixed assets and adjustments					14,464.59	0.00	14,464.59
Increase in compensated absences					(10,218.87)	0.00	(10,218.87)
<b>Change in net assets</b>					<b>398,385.61</b>	<b>(17,678.22)</b>	<b>380,707.39</b>
<b>Net assets - beginning (adjusted)</b>					<b>2,301,500.30</b>	<b>74,761.18</b>	<b>2,376,261.48</b>
<b>Net assets - ending</b>					<b>\$ 2,699,885.91</b>	<b>\$ 57,082.96</b>	<b>\$ 2,756,968.87</b>

***Fund Financial Statements***

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
Balance Sheet  
Governmental Funds  
June 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Cash and cash equivalents	\$ 504,332.47	\$ 0.00	\$ 27,558.38	\$ 0.96	\$ 531,891.81
Due from other funds	33,720.82	0.00	0.00	0.00	33,720.82
Receivables from other governments	23,677.82	21,433.03	0.00	0.00	45,110.85
Restricted cash and cash equivalents	23,922.90	0.00	0.00	0.00	23,922.90
<b>Total assets</b>	<b>\$ 585,654.01</b>	<b>\$ 21,433.03</b>	<b>\$ 27,558.38</b>	<b>\$ 0.96</b>	<b>\$ 634,646.38</b>

LIABILITIES AND FUND BALANCES:

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Liabilities:					
Accounts payable	\$ 20,676.82	\$ 1,619.25	\$ 0.00	\$ 0.00	\$ 22,296.07
Retained percentage due contractor	0.00	0.00	20,000.00	0.00	20,000.00
Deposits payable	600.00	0.00	0.00	0.00	600.00
Interfunds payable	0.00	19,813.78	44.48	0.00	19,858.26
Deferred revenue	0.00	0.00	0.00	0.00	0.00
<b>Total liabilities</b>	<b>21,276.82</b>	<b>21,433.03</b>	<b>20,044.48</b>	<b>0.00</b>	<b>62,754.33</b>

Fund balances:

Restricted for:					
Capital reserve account	23,922.90	0.00	0.00	0.00	23,922.90
Excess surplus - current year	97,775.47	0.00	0.00	0.00	97,775.47
Capital projects fund	0.00	0.00	7,513.90	0.00	7,513.90
Assigned:					
Designated by the BOE for subsequent year's expenditures	110,000.00	0.00	0.00	0.00	110,000.00
Other purposes	154,787.00	0.00	0.00	0.00	154,787.00
Unassigned:					
General fund	177,891.82	0.00	0.00	0.00	177,891.82
Debt service fund	0.00	0.00	0.00	0.96	0.96
<b>Total fund balances</b>	<b>564,377.19</b>	<b>0.00</b>	<b>7,513.90</b>	<b>0.96</b>	<b>571,892.05</b>
<b>Total liabilities and fund balances</b>	<b>\$ 585,654.01</b>	<b>\$ 21,433.03</b>	<b>\$ 27,558.38</b>	<b>\$ 0.96</b>	

Amounts reported for governmental activities in the statement of net assets (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 \$18,303,534.00 and the accumulated depreciation is \$3,145,138.99.

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see footnote).

Interest on long-term debt in the statement of activities is accrued, regardless of when due.

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Net assets of governmental activities \$ 2,699,885.91

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**June 30, 2011**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 2,625,422.00	\$ 0.00	\$ 0.00	\$ 751,735.00	\$ 3,377,157.00
Tuition	5,800.00	0.00	0.00	0.00	5,800.00
Interest earned on capital reserve funds	227.76	0.00	0.00	0.00	227.76
Miscellaneous	28,152.08	2,500.00	44.48	0.00	30,696.56
Total local sources	2,659,601.84	2,500.00	44.48	751,735.00	3,413,881.32
State sources	1,296,845.05	0.00	0.00	177,750.00	1,474,595.05
Federal sources	0.00	154,052.34	0.00	0.00	154,052.34
Total revenues	3,956,446.89	156,552.34	44.48	929,485.00	5,042,528.71
<b>EXPENDITURES:</b>					
Current:					
Regular instruction	1,183,256.37	144,168.34	0.00	0.00	1,327,424.71
Special education instruction	265,928.05	0.00	0.00	0.00	265,928.05
Other special instruction	69,310.26	0.00	0.00	0.00	69,310.26
Support services and undistributed costs:					
Tuition	149,851.00	0.00	0.00	0.00	149,851.00
Student and instruction related services	381,171.02	1,494.00	0.00	0.00	382,665.02
School administrative services	1,000.06	0.00	0.00	0.00	1,000.06
Other administrative services	376,236.76	0.00	0.00	0.00	376,236.76
Plant operations and maintenance	391,778.70	0.00	0.00	0.00	391,778.70
Pupil transportation	327,052.12	0.00	0.00	0.00	327,052.12
Unallocated benefits	612,238.18	1,843.00	0.00	0.00	614,081.18
Debt service:					
Principal	0.00	0.00	0.00	385,592.11	385,592.11
Interest and other charges	0.00	0.00	0.00	543,892.36	543,892.36
Capital outlay	20,432.00	9,047.00	0.00	0.00	29,479.00
Total expenditures	3,778,254.52	156,552.34	0.00	929,484.47	4,864,291.33
Excess (deficiency) of revenues over (under) expenditures	178,192.37	0.00	44.48	0.53	178,237.38
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers (out) in	44.48	0.00	(44.48)	0.00	0.00
Total other financing sources (uses)	44.48	0.00	(44.48)	0.00	0.00
Net change in fund balances	178,236.85	0.00	0.00	0.53	178,237.38
Fund balance - July 1	386,140.34	0.00	7,513.90	0.43	393,654.67
Fund balance - June 30	\$ 564,377.19	\$ 0.00	\$ 7,513.90	\$ 0.96	\$ 571,892.05

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds**  
**For the Fiscal Year Ended June 30, 2011**

Total net change in fund balances - governmental funds (from B-2)		\$	178,237.38
Amounts reported for governmental activities in the statement of activities (A-2) are different because:			
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>			
Depreciation expense	\$	(187,279.58)	
Capital outlays		22,871.00	
Disposals		<u>5,417.59</u>	(158,990.99)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>			
Bond principal			355,000.00
Loan principal			30,592.11
Compensated absences			(10,218.87)
<p>Governmental funds report the effect of issuance costs 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.</p>			
			(3,834.92)
<p>Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities through interest on long-term debt. This amount is the net effect of these differences.</p>			
			1,625.58
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a reduction in the reconciliation.</p>			
			<u>5,975.32</u>
Change in net assets of governmental activities	\$		<u><u>398,385.61</u></u>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2011**

Business-Type Activities - Enterprise Funds

	Food Service	Summer Enrichment Programs	Ceramics/ Sculpture Classes	Craft Club	Target Summer Program	After School Program	Total
<b>ASSETS:</b>							
Current assets:							
Cash and cash equivalents	\$ 0.00	\$ 2,851.73	\$ 2,331.71	\$ 350.00	\$ 0.00	\$ 195.00	\$ 5,728.44
Inventories	11,910.70	0.00	0.00	0.00	0.00	0.00	11,910.70
Total current assets	11,910.70	2,851.73	2,331.71	350.00	0.00	195.00	17,639.14
Noncurrent assets:							
Equipment	100,200.00	0.00	0.00	0.00	0.00	0.00	100,200.00
Less: accumulated depreciation	(30,192.00)	0.00	0.00	0.00	0.00	0.00	(30,192.00)
Total noncurrent assets	70,008.00	0.00	0.00	0.00	0.00	0.00	70,008.00
Total assets	\$ 81,918.70	\$ 2,851.73	\$ 2,331.71	\$ 350.00	\$ 0.00	\$ 195.00	\$ 87,647.14
<b>LIABILITIES:</b>							
Current liabilities:							
Cash overdraft	\$ 8,496.97	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 8,496.97
Interfund payable	11,500.30	0.00	0.00	0.00	0.00	0.00	11,500.30
Deferred revenue	4,838.47	2,851.73	2,331.71	350.00	0.00	195.00	10,566.91
Total current liabilities	24,835.74	2,851.73	2,331.71	350.00	0.00	195.00	30,564.18
Total liabilities	24,835.74	2,851.73	2,331.71	350.00	0.00	195.00	30,564.18
<b>NET ASSETS:</b>							
Invested in capital assets, net of related debt	70,008.00	0.00	0.00	0.00	0.00	0.00	70,008.00
Unrestricted	(12,925.04)	0.00	0.00	0.00	0.00	0.00	(12,925.04)
Total net assets	\$ 57,082.96	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 57,082.96

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**June 30, 2011**

	Business-Type Activities - Enterprise Funds							Total
	Food Service	Summer Enrichment Programs	Ceramics/ Sculpture Classes	Craft Club	Target Summer Program	After School Program		
<b>OPERATING REVENUES:</b>								
Charges for services:								
Daily sales-reimbursable programs:								
School lunch program	\$ 55,051.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 55,051.00
Daily sales non-reimbursable programs	31,695.66	0.00	0.00	0.00	0.00	0.00	0.00	31,695.66
Program fees	0.00	0.00	1,246.40	862.00	720.00	790.00	790.00	3,618.40
Total operating revenues	86,746.66	0.00	1,246.40	862.00	720.00	790.00	790.00	90,365.06
<b>OPERATING EXPENSES:</b>								
Cost of sales	48,244.50	0.00	0.00	0.00	0.00	0.00	0.00	48,244.50
Salaries and employee benefits	66,769.64	0.00	818.75	645.67	674.00	700.00	700.00	69,608.06
General supplies and materials	3,106.36	0.00	427.65	216.33	46.00	0.00	0.00	3,796.34
Depreciation	6,683.00	0.00	0.00	0.00	0.00	0.00	0.00	6,683.00
Miscellaneous	1,025.50	0.00	0.00	0.00	0.00	90.00	90.00	1,115.50
Total operating expenses	125,829.00	0.00	1,246.40	862.00	720.00	790.00	790.00	129,447.40
Operating income (loss)	(39,082.34)	0.00	0.00	0.00	0.00	0.00	0.00	(39,082.34)
<b>NONOPERATING REVENUES (expenses):</b>								
State sources:								
State school lunch program	1,030.84	0.00	0.00	0.00	0.00	0.00	0.00	1,030.84
Federal sources:								
National school lunch program	16,372.24	0.00	0.00	0.00	0.00	0.00	0.00	16,372.24
Food distribution program	4,001.04	0.00	0.00	0.00	0.00	0.00	0.00	4,001.04
Total nonoperating revenues (expenses)	21,404.12	0.00	0.00	0.00	0.00	0.00	0.00	21,404.12
Net income (loss)	(17,678.22)	0.00	0.00	0.00	0.00	0.00	0.00	(17,678.22)
Change in net assets	(17,678.22)	0.00	0.00	0.00	0.00	0.00	0.00	(17,678.22)
Total net assets - beginning	74,761.18	0.00	0.00	0.00	0.00	0.00	0.00	74,761.18
Total net assets - ending	\$ 57,082.96	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 57,082.96

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
 Statement of Cash Flows  
 Proprietary Funds  
 June 30, 2011

	Business-Type Activities - Enterprise Funds							Total
	Food Service	Summer Enrichment Programs	Ceramics/ Sculpture Classes	Craft Club	Target Summer Program	After School Program		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>								
Receipts from customers	\$ 87,118.67	\$ 1,690.50	\$ 1,650.00	\$ 1,212.00	\$ 720.00	\$ 985.00	\$	\$ 93,376.17
Payments to employees and employee benefits	(66,769.64)	0.00	(818.75)	(645.67)	(674.00)	(700.00)		(69,608.06)
Payments to suppliers	(47,707.25)	0.00	(427.65)	(216.33)	(46.00)	(90.00)		(48,487.23)
Net cash provided by (used for) operating activities	(27,358.22)	1,690.50	403.60	350.00	0.00	195.00		(24,719.12)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>								
State sources	1,120.40	0.00	0.00	0.00	0.00	0.00		1,120.40
Federal sources	17,469.53	0.00	0.00	0.00	0.00	0.00		17,469.53
Cash flows provided by (used for) noncapital financing activities	18,589.93	0.00	0.00	0.00	0.00	0.00		18,589.93
Net increase (decrease) in cash and cash equivalents	(8,768.29)	1,690.50	403.60	350.00	0.00	195.00		(6,129.19)
Balances - beginning of year	271.32	1,161.23	1,928.11	0.00	0.00	0.00		3,360.66
Balances - end of year	(8,496.97)	2,851.73	2,331.71	350.00	0.00	195.00		(2,768.53)
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	\$ (39,082.34)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$	\$ (39,082.34)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:								
Depreciation and net amortization	6,683.00	0.00	0.00	0.00	0.00	0.00		6,683.00
Food distribution program	4,001.04	0.00	0.00	0.00	0.00	0.00		4,001.04
Change in assets and liabilities:								
(Increase) decrease in inventories	668.07	0.00	0.00	0.00	0.00	0.00		668.07
Increase (decrease) in accounts payable	372.01	1,690.50	403.60	350.00	0.00	195.00		3,011.11
Total adjustments	11,724.12	1,690.50	403.60	350.00	0.00	195.00		14,363.22
Net cash provided by (used for) operating activities	\$ (27,358.22)	\$ 1,690.50	\$ 403.60	\$ 350.00	\$ 0.00	\$ 195.00	\$	\$ (24,719.12)

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2011**

		<u>Agency Fund</u>
<b>ASSETS:</b>		
Cash and cash equivalents	\$	<u>53,320.16</u>
Total assets	\$	<u><u>53,320.16</u></u>
<b>LIABILITIES:</b>		
Payable to district	\$	2,396.66
Payroll deductions and withholdings		3,480.42
Due to student groups		<u>47,443.08</u>
Total liabilities	\$	<u><u>53,320.16</u></u>

***Notes To The Financial Statements***

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. 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 District functions independently through a Board of Education. The Board is comprised of 9 members elected to three-year terms. The purpose of the District is to educate students in grades K - 6. The District had an approximate enrollment at June 30, 2011 of 370 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 power 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, and there is a fiscal dependency by the organization on the District.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Fund Accounting**

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn is divided into separate "fund types" as follows:

*Governmental Funds*

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

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

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

**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). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Fund Accounting (Concluded)**

*Proprietary Funds*

The focus of proprietary fund measurement is upon determination of net income, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District.

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

The District's enterprise funds are comprised of the food service fund and the ceramics/sculpture classes.

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

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

- Equipment - 12 years
- Light trucks and vehicles - 4 years
- Heavy trucks and vehicles - 6 years

*Fiduciary Funds*

Trust and Agency Funds - The trust and agency funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An expendable trust fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent. Expendable trust funds include the unemployment compensation insurance fund.

Agency Funds - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. 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 for 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue 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 government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. 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.

Property taxes, tuition, state equalizations monies, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**E. 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 for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

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.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. 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 reservations of 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 deferred revenues 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.

**G. Cash, Cash Equivalents, and Investments**

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 at stated at cost. All other investments are stated at fair value.

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

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 a 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.

**H. Accrued Salaries and Wages**

Certain District employees, who provide services to the District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2011, the amount earned by these employees was disbursed to the employees own individual institutional accounts.

**I. Tuition Payable**

Tuition charges for the fiscal years 2010-11 and 2009-10 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Inventories and Prepaid Expenses**

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

Inventories in the proprietary funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

**K. Short-Term Interfund Receivables/Payables**

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

**L. Capital Assets**

Capital assets purchased or acquired within an original cost of \$2,000.00 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Land improvements	10-20 years	N/A
Buildings and improvements	10-50 years	N/A
Furniture and equipment	5-20 years	12 years
Vehicles	5-10 years	4-6 years

**M. 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 recorded for in the period in which such services are rendered or in which such events take place.

**N. Deferred Revenue**

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned.

**O. Long-Term Obligations**

Long-term debt is recorded on the district-wide statement as due within one year and due beyond one year.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**P. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The School District applies restricted resources when an expense is incurred for purchases for which both restricted and unrestricted net assets are available.

**Q. Fund Balance**

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

*Nonspendable*

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

*Restricted*

The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

*Committed*

The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

*Assigned*

The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by the Board of Education.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

**Q. Fund Balance (Concluded)**

*Unassigned*

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

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

**R. Use of Estimates**

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

**S. 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. Based on the aforementioned criteria, the School District has no component units.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

*Custodial Credit Risk Related to Deposits*

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, athletic and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized in the schedule below.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 2 - CASH AND CASH EQUIVALENTS (Concluded)**

As of June 30, 2011, the District's bank balances of \$607,656.69 were exposed to custodial credit risk as follows:

Insurance	\$ 250,000.00
Uninsured and collateralized with securities held by pledging financial institutions	<u>357,656.69</u>
	<u>\$ 607,656.69</u>

*New Jersey ARM*

During the fiscal year, the School District participated in the New Jersey ARM. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Fund's participants. Deposits with the New Jersey ARM are not subject to custodial credit risk as defined above. At June 30, 2011, the School District's deposits with the New Jersey ARM were \$26,318.64.

**NOTE 3 - CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Board of Education by inclusion of \$100.00 on September 26, 2000 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 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. A district may also appropriate additional amounts when the excess 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-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

Beginning balance, July 1, 2010	\$ 23,695.14
Interest earnings:	
2010-11	<u>227.76</u>
Ending balance, June 30, 2011	<u>\$ 23,922.90</u>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2011 consisted of accounts (fees) 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>Total</u>
State	\$ 23,677.82	\$ -	\$ 23,677.82
Federal	<u>-</u>	<u>21,433.03</u>	<u>21,433.03</u>
Total	<u>\$ 23,677.82</u>	<u>\$ 21,433.03</u>	<u>\$ 45,110.85</u>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	Balance as of June 30, 2010	Additions	Disposals	Adjustments	Balance as of June 30, 2011
<b>Governmental activities:</b>					
<b>Capital assets, not being depreciated:</b>					
Land	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Construction in progress	12,621,883.24	0.00	0.00	0.76	12,621,884.00
Total capital assets, not being depreciated	<u>12,621,883.24</u>	<u>0.00</u>	<u>0.00</u>	<u>0.76</u>	<u>12,621,884.00</u>
<b>Capital assets, being depreciated:</b>					
Site and site improvements	18,937.00	0.00	0.00	0.00	18,937.00
Buildings and building improvements	4,684,784.00	0.00	0.00	0.00	4,684,784.00
Machinery and equipment	955,058.76	22,871.00	0.00	(0.76)	977,929.00
Total at historical cost	<u>5,658,779.76</u>	<u>22,871.00</u>	<u>0.00</u>	<u>(0.76)</u>	<u>5,681,650.00</u>
<b>Less accumulated depreciation:</b>					
Site and site improvements	0.00	0.00	0.00	0.00	0.00
Buildings and building improvements	(2,107,462.00)	(163,242.00)	0.00	5,804.00	(2,264,900.00)
Machinery and equipment	(855,815.00)	(24,037.58)	0.00	(386.41)	(880,238.99)
Total accumulated depreciation	<u>(2,963,277.00)</u>	<u>(187,279.58)</u>	<u>0.00</u>	<u>5,417.59</u>	<u>(3,145,138.99)</u>
Total capital assets, being depreciated, net	<u>2,695,502.76</u>	<u>(164,408.58)</u>	<u>0.00</u>	<u>5,416.83</u>	<u>2,536,511.01</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 15,317,386.00</u>	<u>\$ (164,408.58)</u>	<u>\$ 0.00</u>	<u>\$ 5,417.59</u>	<u>\$ 15,158,395.01</u>
<b>Business-type activities:</b>					
<b>Capital assets, being depreciated:</b>					
Machinery and equipment	\$ 100,200.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 100,200.00
Less accumulated depreciation	(23,509.00)	(6,683.00)	0.00	0.00	(30,192.00)
Business-type activities capital assets, net	<u>\$ 76,691.00</u>	<u>\$ (6,683.00)</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 70,008.00</u>

Depreciation expense in the amount of \$187,279.58 was charged to governmental functions as follows:

Unallocated	\$ 187,279.58
Total depreciation expense	<u>\$ 187,279.58</u>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 6 - GENERAL LONG-TERM DEBT**

During the fiscal year ended June 30, 2011, the following changes occurred in liabilities reported in the general long-term debt account group:

	Principal Outstanding June 30, 2010	Additions	Reductions	Principal Outstanding June 30, 2011	Amounts Due Within One Year
School renovations	\$ 150,000.00	\$ 0.00	\$ 50,000.00	\$ 100,000.00	\$ 50,000.00
School refunding bonds	628,000.00	0.00	120,000.00	508,000.00	125,000.00
Construction of additions and renovations to South Harrison Schools	9,455,000.00	0.00	140,000.00	9,315,000.00	150,000.00
Construction of additions and renovations to South Harrison Schools	2,755,000.00	0.00	45,000.00	2,710,000.00	45,000.00
School construction EDA loan payable	122,368.35	0.00	30,592.11	91,776.24	30,592.11
Unamortized premium	7,586.07	0.00	1,625.58	5,960.49	1,625.58
Compensated absences payable	62,572.55	10,218.87	0.00	72,791.42	0.00
Total	<u>\$ 13,180,526.97</u>	<u>\$ 10,218.87</u>	<u>\$ 387,217.69</u>	<u>\$ 12,803,528.15</u>	<u>\$ 402,217.69</u>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 6 - GENERAL LONG-TERM DEBT (Continued)**

**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 School District issued \$427,000.00 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 School District issued \$1,306,000.00 in general obligation bonds at 3.50% for school refunding bonds. The final maturity of the bonds is 2015. On December 20, 2005, the School District issued \$9,801,000.00 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 School District issued \$2,871,000.00 in general obligation bonds for the continuation of the construction of additions and renovations to South Harrison Schools. The bonds carry interest rates ranging from 4.30% to 4.35% and mature in 2031.

On July 15, 1994, the School District received a \$581,250.00 Economic Development Authority loan at 1.50% for the school construction project. The final maturity of the loan is in 2013.

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

	Principal	Interest	Total
Year ending June 30,			
2012	\$ 400,592.11	\$ 529,773.45	\$ 930,365.56
2013	415,592.11	515,067.07	930,659.18
2014	435,592.02	499,724.44	935,316.46
2015	453,000.00	483,505.00	936,505.00
2016	470,000.00	465,470.00	935,470.00
2017-2021	2,730,000.00	2,012,928.75	4,742,928.75
2022-2026	3,445,000.00	1,386,133.75	4,831,133.75
2027-2031	4,375,000.00	578,480.00	4,953,480.00
	12,724,776.24	6,471,082.46	19,195,858.70
Unamortized premium	5,960.49	-	5,960.49
	<u>\$12,730,736.73</u>	<u>\$6,471,082.46</u>	<u>\$19,201,819.19</u>

**B. Bonds Authorized But Not Issued**

As of June 30, 2011, the District had no authorized but not issued bonds.

**C. Interest Expense**

No interest expense was capitalized during the fiscal year ending June 30, 2011. Interest expense totaling \$543,892.36 was paid by the debt service fund for the fiscal year ending June 30, 2011.

**D. Capital Leases Payable**

As of June 30, 2011, the District had no capital leases payable.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 6 - GENERAL LONG-TERM DEBT (Concluded)**

**E. Temporary Notes Payable**

As of June 30, 2011, the District had no temporary notes payable.

**F. Compensated Absences**

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

**NOTE 7 - OPERATING LEASES**

At June 30, 2011, the School District had operating lease agreements in effect for copy machines. Future minimum lease payments are as follows:

Year Ending June 30	Amount
2012	\$ 11,833.56
2013	3,495.50
Total future minimum lease payments	\$ 15,329.06

Lease payments under operating leases for the fiscal year ended June 30, 2011 were \$12,900.36.

**NOTE 8 - PENSION PLANS**

**Description of Plans**

Substantially all of the School District's employees participate in one of the following pension plans which have been established by state statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), or the Defined Contribution Retirement Program (DCRP). The TPAF and PERS are defined benefit pension plans while the DCRP is a defined contribution pension plan. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, Post Office Box 295, Trenton, New Jersey 08625-0295.

*Teachers' Pension and Annuity Fund (TPAF)*

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

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 8 - PENSION PLANS (Continued)**

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over the several preceding fiscal years.

*Public Employees' Retirement System (PERS)*

The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955. The PERS provides retirement, death and disability, and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists.

The School District is billed annually for its normal contribution plus any accrued liability.

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

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Paid By District</u>
2011	\$ 12,324.00	\$ 16,406.00	\$ 28,730.00	\$ 28,730.00
2010	8,866.00	8,651.00	17,517.00	17,517.00
2009		Not Available		

*Defined Contribution Retirement Program (DCRP)*

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

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exists. In addition, to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 8 - PENSION PLANS (Concluded)**

The School District's contributions to the DCRP were as follows:

<u>Fiscal Year</u>	<u>Total Liability</u>	<u>Paid By District</u>
2011	\$ 951.10	\$ 951.10
2010	-	-
2009	-	-

**NOTE 9 - POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990, c. 6 required TPAF and 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. 2207, 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 repayment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. 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 premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

**NOTE 10 - ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2011, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement costs related to TPAF. The amounts recognized as revenues and expenditures for normal costs and post-retirement costs were \$5,906.00 and \$125,445.00, respectively.

**NOTE 11 - 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.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 11 - COMPENSATED ABSENCES (Concluded)**

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2011, no liability existed for compensated absences in the proprietary fund types.

**NOTE 12 - 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 13 - 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, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

The District participates in the Gloucester, Cumberland, Salem School Districts Joint Insurance Fund (GCSSDJIF), public entity risk pool. Coverage under this joint plan offers workers' compensation, boiler and machinery, automobile liability, general liability, property, crime and school board 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, 2011 for the joint insurance pool. As of December 31, 2010, the fund had a projected surplus of \$1,671,064.00 of which \$18,184.00 is the District's share.

**NOTE 14 - INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances exist at June 30, 2011:

Fund	Interfund Receivable	Interfund Payable
General fund	\$ 33,720.82	\$ -
Special revenue fund	-	19,813.78
Capital projects fund	-	44.48
Enterprise fund	-	11,500.30
Agency fund	-	2,362.26
	\$ 33,720.82	\$ 33,720.82

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 15 - INVENTORY**

Inventory in the food service fund at June 30, 2011, consisted of the following:

Food	\$ 1,024.46
Supplies	6,251.19
Commodities	<u>4,635.05</u>
	<u>\$ 11,910.70</u>

The value of federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

**NOTE 16 - FUND BALANCE APPROPRIATED**

The School District has classified its fund balances with the following hierarchy:

*Nonspendable*

The School District does not have any nonspendable funds.

*Spendable*

The School District has classified the spendable fund balances as Restricted, Assigned, and Unassigned and considered each to have been spent when expenditures are incurred. The School District currently has no funds classified as Committed.

*Restricted*

Capital reserve - As of June 30, 2011, the balance in the capital reserve account is \$23,922.90 which is restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan.

Excess surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund 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 year's budget. The excess fund balance as of June 30, 2011 is \$97,775.47.

Capital project fund - On December 20, 2005 and September 15, 2006, the School District issued a total of \$12,672,000.00 of general obligation bonds pursuant to: (i) Chapter 24 of Title 18A of the New Jersey statutes, as amended and supplemented ("School Bond Law") and (ii) a resolution adopted by the Board. The Bonds were authorized by a proposal adopted by the Board and approved by the voters of the School District. The bond issuance was approved by the voters for the construction of additions and renovations to the South Harrison Schools. As of June 30, 2011, the restricted fund balance amount was \$7,513.90.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 16 - FUND BALANCE APPROPRIATED (Concluded)**

*Assigned*

Designated by the Board of Education for subsequent year's expenditures - The School District has appropriated and included as anticipated revenue for the fiscal year ending June 30, 2012 \$110,000.00 of general fund balance at June 30, 2011.

Other purposes - As of June 30, 2011, the School District had \$154,787.00 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

*Unassigned*

This the remainder of the School District's equity in the governmental fund types. The total balance is \$177,892.78 as of June 30, 2011. This is comprised of \$177,891.82 in the general fund and \$0.96 in the debt service fund.

**NOTE 17 - SUBSEQUENT EVENTS**

Subsequent events were evaluated through November 29, 2011, the date which the financial statements were available to be issued.

***Required Supplementary Information - Part II***

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**

For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 2,625,422.00	\$ 0.00	\$ 2,625,422.00	\$ 2,625,422.00	\$ 0.00
Tuition	0.00	0.00	0.00	5,800.00	5,800.00
Interest earned on capital reserve fund	400.00	0.00	400.00	227.76	(172.24)
Miscellaneous	12,000.00	0.00	12,000.00	28,152.08	16,152.08
Total local sources	<u>2,637,822.00</u>	<u>0.00</u>	<u>2,637,822.00</u>	<u>2,659,601.84</u>	<u>21,779.84</u>
State sources:					
Categorical special education aid	142,617.00	50,558.00	193,175.00	193,175.00	0.00
Equalization aid	856,696.00	(50,558.00)	806,138.00	806,138.00	0.00
Extraordinary aid	0.00	0.00	0.00	16,374.00	16,374.00
Other state aids - out of cap	0.00	0.00	0.00	7,303.82	7,303.82
On-behalf T.P.A.F. pension contributions (non-budgeted)	0.00	0.00	0.00	131,351.00	131,351.00
Reimbursed T.P.A.F. social security contributions (non-budgeted)	0.00	0.00	0.00	121,731.23	121,731.23
Total state sources	<u>999,313.00</u>	<u>0.00</u>	<u>999,313.00</u>	<u>1,276,073.05</u>	<u>276,760.05</u>
Total revenues	<u>3,637,135.00</u>	<u>0.00</u>	<u>3,637,135.00</u>	<u>3,935,674.89</u>	<u>298,539.89</u>

**EXHIBIT C-1  
(Continued)**

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular programs - instruction:					
Salaries of teachers:					
Kindergarten	\$ 95,480.00	\$ 11,128.48	\$ 106,608.48	\$ 95,374.75	\$ 11,233.73
Grades 1-5	848,652.00	73,593.57	922,245.57	843,675.53	78,570.04
Grades 6-8	164,993.00	(24,153.11)	140,839.89	123,591.50	17,248.39
Home instruction:					
Salaries of teachers	1,000.00	956.25	1,956.25	1,956.25	0.00
Purchased professional educational services	1,000.00	(500.00)	500.00	500.00	0.00
Regular programs - undistributed instruction:					
Other salaries for instruction	18,569.00	1,196.60	19,765.60	19,193.27	572.33
Purchased professional educational services	6,565.00	(6,188.25)	376.75	0.00	376.75
Purchased technical services	32,045.00	(1,078.35)	30,966.65	30,039.00	927.65
Other purchased services	23,976.00	(1,620.00)	22,356.00	18,371.83	3,984.17
General supplies	60,902.00	(24,954.60)	35,947.40	35,400.40	547.00
Textbooks	15,000.00	0.00	15,000.00	13,582.13	1,417.87
Other objects	0.00	3,708.00	3,708.00	1,571.71	2,136.29
Total regular programs	1,268,182.00	32,088.59	1,300,270.59	1,183,256.37	117,014.22
<b>Special education:</b>					
Learning and/or language disabilities:					
Salaries of teachers	180,863.00	20,206.80	201,069.80	184,514.00	16,555.80
Other salaries for instruction	5,160.00	11,607.00	16,767.00	16,767.00	0.00
General supplies	1,500.00	(100.00)	1,400.00	1,330.69	69.31
Textbooks	500.00	0.00	500.00	168.17	331.83
Other objects	20.00	0.00	20.00	0.00	20.00
Total learning and/or language disabilities	188,043.00	31,713.80	219,756.80	202,779.86	16,976.94

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund

For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Preschool disabilities - part-time:					
Salaries of teachers	\$ 46,876.00	\$ 8,050.93	\$ 54,926.93	\$ 50,516.25	\$ 4,410.68
Other salaries for instruction	11,357.00	1,274.94	12,631.94	12,631.94	0.00
Total preschool disabilities - part-time	58,233.00	9,325.87	67,558.87	63,148.19	4,410.68
Total special education	246,276.00	41,039.67	287,315.67	265,928.05	21,387.62
Basic skills/remedial - instruction:					
Salaries of teachers	0.00	49,452.28	49,452.28	42,942.98	6,509.30
Other salaries for instruction	21,472.00	5,726.50	27,198.50	26,358.50	840.00
General supplies	100.00	0.00	100.00	8.78	91.22
Total basic skills/remedial - instruction	21,572.00	55,178.78	76,750.78	69,310.26	7,440.52
Total instruction	1,536,030.00	128,307.04	1,664,337.04	1,518,494.68	145,842.36
Undistributed expenditures:					
Instruction:					
Tuition to other LEA's within the state - regular	10,814.00	10,003.00	20,817.00	20,817.00	0.00
Tuition to other LEA's within the state - special	100,140.00	(27,160.00)	72,980.00	72,568.00	412.00
Tuition to county special services and regional day schools	0.00	56,466.00	56,466.00	56,466.00	0.00
Total instruction	110,954.00	39,309.00	150,263.00	149,851.00	412.00

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund

For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Attendance and social work services:					
Salaries	\$ 6,071.00	\$ 0.28	\$ 6,071.28	\$ 6,071.28	\$ 0.00
Purchased professional and technical services	4,000.00	0.00	4,000.00	4,000.00	0.00
Total attendance and social work services	10,071.00	0.28	10,071.28	10,071.28	0.00
Health services:					
Salaries	48,331.00	3,714.22	52,045.22	47,551.99	4,493.23
Purchased professional and technical services	1,465.00	0.00	1,465.00	1,465.00	0.00
Other purchased services	350.00	(161.00)	189.00	189.00	0.00
Supplies and materials	3,000.00	(524.23)	2,475.77	2,475.77	0.00
Other objects	100.00	(100.00)	0.00	0.00	0.00
Total health services	53,246.00	2,928.99	56,174.99	51,681.76	4,493.23
Speech, OT, PT and related services:					
Purchased professional educational services	119,365.00	(37,596.53)	81,768.47	80,506.30	1,262.17
Total speech, OT, PT and related services	119,365.00	(37,596.53)	81,768.47	80,506.30	1,262.17
Other support services - students - extraordinary services:					
Salaries	34,446.00	(5,858.00)	28,588.00	28,038.00	550.00
Total special education - extraordinary services	34,446.00	(5,858.00)	28,588.00	28,038.00	550.00

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Guidance:					
Salaries of other professional staff	\$ 41,084.00	\$ 4,492.10	\$ 45,576.10	\$ 41,905.00	\$ 3,671.10
Other purchased professional and technical services	500.00	188.52	688.52	688.52	0.00
Supplies and materials	2,000.00	(1,746.71)	253.29	253.29	0.00
Total guidance	43,584.00	2,933.91	46,517.91	42,846.81	3,671.10
Child study teams:					
Salaries of other professional staff	105,158.00	(3,143.43)	102,014.57	100,916.16	1,098.41
Salaries of secretarial and clerical assistants	4,326.00	(1,056.57)	3,269.43	3,091.37	178.06
Purchased professional educational services	12,200.00	(5,900.00)	6,300.00	6,300.00	0.00
Other purchased professional and technical services	11,025.00	225.00	11,250.00	11,250.00	0.00
Miscellaneous purchased services	350.00	0.00	350.00	249.86	100.14
Supplies and materials	1,500.00	78.25	1,578.25	1,510.03	68.22
Other objects	100.00	0.00	100.00	0.00	100.00
Total child study teams	134,659.00	(9,796.75)	124,862.25	123,317.42	1,544.83

**EXHIBIT C-1  
(Continued)**

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

**Budgetary Comparison Schedule**

**General Fund**

**For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Educational media services/school library:					
Salaries	\$ 48,598.00	\$ (4,098.18)	\$ 44,499.82	\$ 40,195.00	\$ 4,304.82
Other purchased services	2,000.00	(475.00)	1,525.00	0.00	1,525.00
Supplies and materials	2,500.00	0.00	2,500.00	2,170.55	329.45
Total educational media services/school library	53,098.00	(4,573.18)	48,524.82	42,365.55	6,159.27
Training services - instructional staff:					
Purchased professional educational services	1,500.00	0.00	1,500.00	0.00	1,500.00
Other purchased services	5,600.00	0.00	5,600.00	2,343.90	3,256.10
Total training services - instructional staff	7,100.00	0.00	7,100.00	2,343.90	4,756.10

**EXHIBIT C-1  
(Continued)**

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**

**Budgetary Comparison Schedule**

**General Fund**

**For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Support services - general administration:					
Salaries	\$ 156,695.00	\$ 2,251.97	\$ 158,946.97	\$ 158,946.81	\$ 0.16
Legal services	15,000.00	19,412.27	34,412.27	34,412.27	0.00
Audit fees	16,120.00	(85.16)	16,034.84	14,285.00	1,749.84
Other purchased professional services	17,000.00	(6,892.03)	10,107.97	3,990.00	6,117.97
Purchased technical services	800.00	4,314.41	5,114.41	0.00	5,114.41
Communications/telephone	11,240.00	0.00	11,240.00	9,667.54	1,572.46
BOE other purchased services	1,500.00	0.00	1,500.00	0.00	1,500.00
Other purchased services	26,000.00	0.00	26,000.00	19,057.88	6,942.12
General supplies	2,587.00	78.25	2,665.25	1,934.76	730.49
BOE in-house training/meeting supplies	120.00	0.00	120.00	0.00	120.00
Miscellaneous expenditures	3,500.00	(62.74)	3,437.26	2,310.00	1,127.26
BOE membership dues and fees	3,500.00	0.00	3,500.00	2,688.50	811.50
Total support services - general administration	254,062.00	19,016.97	273,078.97	247,292.76	25,786.21
Support services - school administration:					
Other purchased services	250.00	0.00	250.00	0.00	250.00
Supplies and materials	987.00	95.93	1,082.93	1,000.06	82.87
Other objects	250.00	(95.93)	154.07	0.00	154.07
Total support services - school administration	1,487.00	0.00	1,487.00	1,000.06	486.94

EXHIBIT C-1  
(Continued)

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Central services:					
Salaries	\$ 99,945.00	\$ 0.00	\$ 99,945.00	\$ 99,944.46	\$ 0.54
Purchased professional services	500.00	0.00	500.00	350.00	150.00
Purchased technical services	19,021.00	0.00	19,021.00	18,057.88	963.12
Miscellaneous purchased services	5,098.00	0.00	5,098.00	2,956.76	2,141.24
Supplies and materials	7,973.00	1,652.25	9,625.25	6,879.90	2,745.35
Miscellaneous expenditures	900.00	0.00	900.00	755.00	145.00
Total central services	133,437.00	1,652.25	135,089.25	128,944.00	6,145.25
Required maintenance for school facilities:					
Cleaning, repair, and maintenance services	83,435.00	(27,302.84)	56,132.16	50,435.26	5,696.90
General supplies	1,000.00	0.00	1,000.00	284.40	715.60
Other objects	50.00	0.00	50.00	0.00	50.00
Total required maintenance for school facilities	84,485.00	(27,302.84)	57,182.16	50,719.66	6,462.50

**EXHIBIT C-1**  
**(Continued)**

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**

**For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
<b>Custodial services:</b>					
Salaries of non-instructional aides	\$ 13,791.00	\$ (4,858.45)	\$ 8,932.55	\$ 8,186.20	\$ 746.35
Purchased professional and technical services	5,000.00	(427.55)	4,572.45	1,900.00	2,672.45
Cleaning, repair, and maintenance services	184,465.00	0.00	184,465.00	174,735.58	9,729.42
Other purchased property services	1,000.00	0.00	1,000.00	0.00	1,000.00
Insurance	6,225.00	(11.00)	6,214.00	6,073.00	141.00
Miscellaneous purchased services	50.00	0.00	50.00	0.00	50.00
General supplies	10,000.00	0.00	10,000.00	2,601.90	7,398.10
Energy (natural gas)	35,000.00	0.00	35,000.00	25,469.60	9,530.40
Energy (electricity)	160,000.00	0.00	160,000.00	122,092.76	37,907.24
<b>Total custodial services</b>	<b>415,531.00</b>	<b>(5,297.00)</b>	<b>410,234.00</b>	<b>341,059.04</b>	<b>69,174.96</b>
<b>Student transportation services:</b>					
Salaries for pupil transportation (between and school) - regular	13,691.00	0.00	13,691.00	13,690.50	0.50
Contracted services (between home and school) - vendors	186,516.00	0.00	186,516.00	178,390.10	8,125.90
Contracted services (other than between home and school) - vendors	0.00	4,587.06	4,587.06	4,587.06	0.00
Contracted services (special education) - joint agreements	159,158.00	(34,754.58)	124,403.42	107,564.88	16,838.54

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund

For the Fiscal Year Ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Student transportation services (concluded):					
Contracted services - aid in lieu of payments	\$ 40,000.00	\$ (2,888.48)	\$ 37,111.52	\$ 22,669.58	\$ 14,441.94
Miscellaneous purchased services - transportation	200.00	0.00	200.00	0.00	200.00
Supplies and materials	287.00	0.00	287.00	0.00	287.00
Other objects	150.00	0.00	150.00	150.00	0.00
Total student transportation services	400,002.00	(33,056.00)	366,946.00	327,052.12	39,893.88
Unallocated benefits:					
Social security contributions	34,317.00	0.00	34,317.00	29,735.97	4,581.03
Other retirement contributions - regular	24,993.00	3,737.00	28,730.00	28,730.00	0.00
Unemployment compensation	7,300.00	889.27	8,189.27	8,189.27	0.00
Workmen's compensation	12,092.00	0.00	12,092.00	11,797.00	295.00
Health benefits	317,868.00	(12,128.14)	305,739.86	265,846.01	39,893.85
Tuition reimbursement	12,000.00	(3,375.77)	8,624.23	1,806.00	6,818.23
Other employee benefits	12,500.00	555.50	13,055.50	13,051.70	3.80
Total unallocated benefits	421,070.00	(10,322.14)	410,747.86	359,155.95	51,591.91
On-behalf T.P.A.F. pension contributions (non-budgeted)	0.00	0.00	0.00	131,351.00	(131,351.00)
Reimbursed T.P.A.F. social security contributions (non-budgeted)	0.00	0.00	0.00	121,731.23	(121,731.23)
Total undistributed expenditures	2,276,597.00	(67,961.04)	2,208,635.96	2,239,327.84	(30,691.88)
Total expenditures - current expense	3,812,627.00	60,346.00	3,872,973.00	3,757,822.52	115,150.48

**EXHIBIT C-1  
(Continued)**

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund**

**For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
<b>CAPITAL OUTLAY:</b>					
Interest deposit to capital reserve	\$ 400.00	\$ 0.00	\$ 400.00	\$ 0.00	\$ 400.00
Administration information technology:					
Equipment	17,500.00	0.00	17,500.00	13,824.00	3,676.00
Total administrative information technology	17,500.00	0.00	17,500.00	13,824.00	3,676.00
Facilities acquisition/construction:					
Other objects	6,608.00	0.00	6,608.00	6,608.00	0.00
Total equipment	6,608.00	0.00	6,608.00	6,608.00	0.00
Total capital outlay	24,508.00	0.00	24,508.00	20,432.00	4,076.00
Total expenditures	3,837,135.00	60,346.00	3,897,481.00	3,778,254.52	119,226.48
Excess (deficiency) of revenues over (under) expenditures	(200,000.00)	(60,346.00)	(260,346.00)	157,420.37	417,766.37

**EXHIBIT C-1  
(Concluded)**

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund**

**For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual Favorable (Unfavorable)
Other financing sources (uses):					
Operating transfers in/out:					
Transfer from capital projects fund	\$ 0.00	\$ 0.00	\$ 0.00	\$ 44.48	\$ 44.48
Total other financing sources (uses)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>44.48</u>	<u>44.48</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(200,000.00)	(60,346.00)	(260,346.00)	157,464.85	417,810.85
Fund balances - July 1	502,698.34	0.00	502,698.34	502,698.34	0.00
Fund balances - June 30	<u>\$ 302,698.34</u>	<u>\$ (60,346.00)</u>	<u>\$ 242,352.34</u>	<u>\$ 660,163.19</u>	<u>\$ 417,810.85</u>

Recapitulation:

Restricted fund balance:

Capital reserve

Excess surplus - current year

Assigned fund balance:

Designated for subsequent year's expenditures

Year-end encumbrances

Unassigned fund balance

\$	23,922.90
	97,775.47
	110,000.00
	154,787.00
	273,677.82
	<u>660,163.19</u>
	<u>(95,786.00)</u>

Reconciliation to governmental funds statements (GAAP):

Last state aid payment not recognized on GAAP basis

Fund balance per governmental funds (GAAP) \$ 564,377.19

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual (Budgetary Basis)	Variance Final To Actual Favorable (Unfavorable)
<b>REVENUES:</b>					
Federal sources	\$ 70,973.00	\$ 158,193.01	\$ 229,166.01	\$ 154,052.34	\$ 75,113.67
Local sources	0.00	2,500.00	2,500.00	2,500.00	0.00
<b>Total revenues</b>	<b>70,973.00</b>	<b>160,693.01</b>	<b>231,666.01</b>	<b>156,552.34</b>	<b>75,113.67</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	6,725.00	701.00	7,426.00	7,426.00	0.00
Other salaries for instruction	13,165.00	(4,765.00)	8,400.00	8,400.00	0.00
Purchased professional services	0.00	35,804.75	35,804.75	23,528.75	12,276.00
Other purchased services	0.00	12,554.00	12,554.00	12,554.00	0.00
Tuition	51,083.00	(1,028.00)	50,055.00	50,055.00	0.00
General supplies	0.00	105,042.26	105,042.26	42,204.59	62,837.67
<b>Total instruction</b>	<b>70,973.00</b>	<b>148,309.01</b>	<b>219,282.01</b>	<b>144,168.34</b>	<b>75,113.67</b>
Support services:					
Employee benefits	0.00	1,843.00	1,843.00	1,843.00	0.00
Other purchased services	0.00	1,494.00	1,494.00	1,494.00	0.00
<b>Total support services</b>	<b>0.00</b>	<b>3,337.00</b>	<b>3,337.00</b>	<b>3,337.00</b>	<b>0.00</b>
Facilities acquisition and construction services:					
Instructional equipment	0.00	9,047.00	9,047.00	9,047.00	0.00
<b>Total facilities acquisition and construction services</b>	<b>0.00</b>	<b>9,047.00</b>	<b>9,047.00</b>	<b>9,047.00</b>	<b>0.00</b>
<b>Total expenditures</b>	<b>70,973.00</b>	<b>160,693.01</b>	<b>231,666.01</b>	<b>156,552.34</b>	<b>75,113.67</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>

***Notes To The Required Supplementary Information***

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Note To Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2011**

*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	\$ 3,935,674.89	\$ 156,552.34
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized	0.00	0.00
State aid payment recognized for budgetary purposes, not recognized for GAAP statements:		
School year 2010-11	(95,786.00)	0.00
School year 2009-10	116,558.00	0.00
	0.00	0.00
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 3,956,446.89	\$ 156,552.34
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 3,778,254.52	\$ 156,552.34
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	0.00	0.00
	0.00	0.00
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 3,778,254.52	\$ 156,552.34

***Other Supplementary Information***

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Program Revenues and Expenditures**  
**Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2011**

	I.D.E.A. - Part B Regular Program	I.D.E.A. - Part B Preschool Incentive Program Carryover	I.D.E.A. - Part B Basic Regular Program ARRA	I.D.E.A. - Part B Preschool Incentive Program ARRA	Title I Carryover	Title II Part A	Title II Part D	Title II Part D Carryover	REAP Grant-08/09 Carryover	REAP Grant-09/10 Carryover	Target Grant	Total
<b>REVENUES:</b>												
Federal sources	\$ 50,055.00	\$ 457.78	\$ 43,766.05	\$ 1,926.66	\$ 9,539.00	\$ 7,200.00	\$ 18.00	\$ 76.00	\$ 25,124.30	\$ 14,889.55	\$ 0.00	\$ 154,052.34
Local sources	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,500.00	2,500.00
<b>Total revenues</b>	<b>\$ 50,055.00</b>	<b>\$ 457.78</b>	<b>\$ 43,766.05</b>	<b>\$ 1,926.66</b>	<b>\$ 9,539.00</b>	<b>\$ 7,200.00</b>	<b>\$ 18.00</b>	<b>\$ 76.00</b>	<b>\$ 25,124.30</b>	<b>\$ 14,889.55</b>	<b>\$ 2,500.00</b>	<b>\$ 156,552.34</b>
<b>EXPENDITURES:</b>												
<b>Instruction:</b>												
Salaries of teachers	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 6,000.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1,426.00	\$ 7,426.00
Other salaries for instruction	0.00	0.00	0.00	0.00	8,400.00	0.00	0.00	0.00	0.00	0.00	0.00	8,400.00
Purchased professional services	0.00	0.00	23,528.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	23,528.75
Other purchased services	0.00	0.00	12,554.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12,554.00
Tuition	50,055.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50,055.00
General supplies	0.00	457.78	7,683.30	1,926.66	96.00	0.00	0.00	0.00	16,077.30	14,889.55	1,074.00	42,204.59
<b>Total instruction</b>	<b>\$ 50,055.00</b>	<b>\$ 457.78</b>	<b>\$ 43,766.05</b>	<b>\$ 1,926.66</b>	<b>\$ 8,496.00</b>	<b>\$ 6,000.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 16,077.30</b>	<b>\$ 14,889.55</b>	<b>\$ 2,500.00</b>	<b>\$ 144,168.34</b>
<b>Support services:</b>												
Employee benefits	0.00	0.00	0.00	0.00	643.00	1,200.00	0.00	0.00	0.00	0.00	0.00	1,843.00
Other purchased services	0.00	0.00	0.00	0.00	400.00	0.00	18.00	76.00	0.00	0.00	0.00	1,494.00
<b>Total support services</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 1,043.00</b>	<b>\$ 1,200.00</b>	<b>\$ 18.00</b>	<b>\$ 76.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 3,337.00</b>
<b>Facilities acquisition and construction services:</b>												
Instructional equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,047.00	0.00	0.00	9,047.00
<b>Total facilities acquisition and construction services</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 9,047.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 9,047.00</b>
<b>Total expenditures</b>	<b>\$ 50,055.00</b>	<b>\$ 457.78</b>	<b>\$ 43,766.05</b>	<b>\$ 1,926.66</b>	<b>\$ 9,539.00</b>	<b>\$ 7,200.00</b>	<b>\$ 18.00</b>	<b>\$ 76.00</b>	<b>\$ 25,124.30</b>	<b>\$ 14,889.55</b>	<b>\$ 2,500.00</b>	<b>\$ 156,552.34</b>

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
 Capital Projects Fund  
 Summary Schedule of Project Expenditures  
 For the Fiscal Year Ended June 30, 2011

Project Title	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures To Date		Unexpended Appropriations June 30, 2011
			Prior Year	Current Year	
Construction of addition and renovations to South Harrison School	09/27/05	\$ 12,887,604.00	\$ 12,880,090.10	\$ 0.00	\$ 7,513.90
		\$ 12,887,604.00	\$ 12,880,090.10	\$ 0.00	\$ 7,513.90

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2011**

## REVENUES AND OTHER FINANCING SOURCES:

Interest earned on investments	\$ 44.48
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Total revenues and other financing sources	44.48
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## EXPENDITURES AND OTHER FINANCING USES:

Transfer to general fund - interest earnings	44.48
--	-------

Total expenditures and other financing uses	44.48
---	-------

Excess (deficiency) of revenues over (under) expenditures	0.00
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Fund balance - beginning	7,513.90
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Fund balance - ending	\$ 7,513.90
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**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis**  
**Construction of Addition and Renovation to South Harrison School**  
**From Inception and for the Fiscal Year Ended June 30, 2011**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
Bond proceeds and transfers	\$ 12,672,604.00	\$ 0.00	\$ 12,672,604.00	\$ 12,672,604.00
Transfer from capital reserve	215,000.00	0.00	215,000.00	215,000.00
<b>Total revenues and other financing sources</b>	<b>12,887,604.00</b>	<b>0.00</b>	<b>12,887,604.00</b>	<b>12,887,604.00</b>
<b>EXPENDITURES AND OTHER FINANCING USES:</b>				
Salaries	121,629.04	0.00	121,629.04	0.00
Legal services	91,654.97	0.00	91,654.97	0.00
Purchased professional and technical services	820,221.00	0.00	820,221.00	0.00
Other objects	459,287.88	0.00	459,287.88	0.00
Construction services	11,387,297.21	0.00	11,387,297.21	12,887,604.00
<b>Total expenditures and other financing uses</b>	<b>12,880,090.10</b>	<b>0.00</b>	<b>12,880,090.10</b>	<b>12,887,604.00</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ 7,513.90</b>	<b>\$ 0.00</b>	<b>\$ 7,513.90</b>	<b>\$ 0.00</b>
<b>ADDITIONAL GRANT PROJECT INFORMATION:</b>				
Project number	N/A			
Grant date	N/A			
Original authorized cost	\$ 12,672,604.00			
Additional authorized cost	\$ 215,000.00			
Revised authorized cost	\$ 12,887,604.00			
Percentage increase over original authorized cost	1.70%			
Percentage of completion	99.94%			
Original target completion date	08/27/07			
Revised target completion date	10/05/07			

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Enterprise Funds**  
**Statement of Net Assets**  
**June 30, 2011**

	Food Service	Summer Enrichment Programs	Ceramics/ Sculpture Classes	Craft Club	Target Summer Program	After School Program
<b>ASSETS:</b>						
Current assets:						
Cash and cash equivalents	\$ 0.00	\$ 2,851.73	\$ 2,331.71	\$ 350.00	\$ 0.00	\$ 195.00
Inventories	11,910.70	0.00	0.00	0.00	0.00	0.00
Total current assets	11,910.70	2,851.73	2,331.71	350.00	0.00	195.00
Fixed assets:						
Equipment	100,200.00	0.00	0.00	0.00	0.00	0.00
Accumulated depreciation	(30,192.00)	0.00	0.00	0.00	0.00	0.00
Total fixed assets	70,008.00	0.00	0.00	0.00	0.00	0.00
Total assets	\$ 81,918.70	\$ 2,851.73	\$ 2,331.71	\$ 350.00	\$ 0.00	\$ 195.00
<b>LIABILITIES AND NET ASSETS:</b>						
Current liabilities:						
Cash overdraft	\$ 8,496.97	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Interfund payable	11,500.30	0.00	0.00	0.00	0.00	0.00
Deferred revenue	4,838.47	2,851.73	2,331.71	350.00	0.00	195.00
Total current liabilities	24,835.74	2,851.73	2,331.71	350.00	0.00	195.00
Net assets:						
Invested in capital assets, net of related debt	70,008.00	0.00	0.00	0.00	0.00	0.00
Unrestricted	(12,925.04)	0.00	0.00	0.00	0.00	0.00
Total net assets	57,082.96	0.00	0.00	0.00	0.00	0.00
Total liabilities and net assets	\$ 81,918.70	\$ 2,851.73	\$ 2,331.71	\$ 350.00	\$ 0.00	\$ 195.00

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Enterprise Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**For the Fiscal Year Ended June 30, 2011**

	Food Service	Summer Enrichment Programs	Ceramics/ Sculpture Classes	Craft Club	Target Summer Program	After School Program
<b>OPERATING REVENUES:</b>						
Local sources:						
Daily sales-reimbursable programs:						
School lunch program	\$ 55,051.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Daily sales non-reimbursable programs	31,695.66	0.00	0.00	0.00	0.00	0.00
Program fees	0.00	0.00	1,246.40	862.00	720.00	790.00
Total operating revenues	86,746.66	0.00	1,246.40	862.00	720.00	790.00
<b>OPERATING EXPENSES:</b>						
Salaries and benefits	66,769.64	0.00	818.75	645.67	674.00	700.00
Supplies and materials	3,106.36	0.00	427.65	216.33	46.00	0.00
Cost of sales	48,244.50	0.00	0.00	0.00	0.00	0.00
Depreciation	6,683.00	0.00	0.00	0.00	0.00	0.00
Miscellaneous	1,025.50	0.00	0.00	0.00	0.00	90.00
Total operating expenses	125,829.00	0.00	1,246.40	862.00	720.00	790.00
Operating loss	(39,082.34)	0.00	0.00	0.00	0.00	0.00
<b>Nonoperating revenues:</b>						
State sources:						
State school lunch program	1,030.84	0.00	0.00	0.00	0.00	0.00
Federal sources:						
National school lunch program	16,372.24	0.00	0.00	0.00	0.00	0.00
Food distribution program	4,001.04	0.00	0.00	0.00	0.00	0.00
Total nonoperating revenues	21,404.12	0.00	0.00	0.00	0.00	0.00
Net income (loss)	(17,678.22)	0.00	0.00	0.00	0.00	0.00
Change in net assets	(17,678.22)	0.00	0.00	0.00	0.00	0.00
Net assets - July 1	74,761.18	0.00	0.00	0.00	0.00	0.00
Net assets - June 30	\$ 57,082.96	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Enterprise Funds**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2011**

	Food Service	Summer Enrichment Programs	Ceramics/ Sculpture Classes	Craft Club	Target Summer Program	After School Program
Cash flows from operating activities:						
Receipts from customers	\$ 87,118.67	\$ 1,690.50	\$ 1,650.00	\$ 1,212.00	\$ 720.00	\$ 985.00
Payments to employees and employee benefits	(66,769.64)	0.00	(818.75)	(645.67)	(674.00)	(700.00)
Payments to suppliers	(47,707.25)	0.00	(427.65)	(216.33)	(46.00)	(90.00)
Net cash provided by (used for) operating activities	<u>(27,358.22)</u>	<u>1,690.50</u>	<u>403.60</u>	<u>350.00</u>	<u>0.00</u>	<u>195.00</u>
Cash flows from noncapital financing activities:						
State sources	1,120.40	0.00	0.00	0.00	0.00	0.00
Federal sources	17,469.53	0.00	0.00	0.00	0.00	0.00
Net cash provided by noncapital financing activities	<u>18,589.93</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net increase (decrease) in cash and cash equivalents	(8,768.29)	1,690.50	403.60	350.00	0.00	195.00
Cash and cash equivalents - July 1	271.32	1,161.23	1,928.11	0.00	0.00	0.00
Cash and cash equivalents - June 30	<u>\$ (8,496.97)</u>	<u>\$ 2,851.73</u>	<u>\$ 2,331.71</u>	<u>\$ 350.00</u>	<u>\$ 0.00</u>	<u>\$ 195.00</u>
Cash flows from operating activities:						
Operating income (loss)	\$ (39,082.34)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:						
Depreciation	6,683.00	0.00	0.00	0.00	0.00	0.00
Food distribution program	4,001.04	0.00	0.00	0.00	0.00	0.00
Change in assets and liabilities:						
(Increase)/decrease in inventory	668.07	0.00	0.00	0.00	0.00	0.00
Increase/(decrease) in current liabilities	372.01	1,690.50	403.60	350.00	0.00	195.00
Net cash used by operating activities	<u>\$ (27,358.22)</u>	<u>\$ 1,690.50</u>	<u>\$ 403.60</u>	<u>\$ 350.00</u>	<u>\$ 0.00</u>	<u>\$ 195.00</u>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Fiduciary Fund**  
**Combining Statement of Fiduciary Net Assets**  
**June 30, 2011**

	Agency		Total
	Student Activity	Payroll	
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 47,443.08	\$ 5,877.08	\$ 53,320.16
Total assets	\$ 47,443.08	\$ 5,877.08	\$ 53,320.16
<b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Payroll deductions and withholdings	\$ 0.00	\$ 3,514.82	\$ 3,514.82
Interfund accounts payable	0.00	2,362.26	2,362.26
Due to student groups	47,443.08	0.00	47,443.08
Total liabilities	\$ 47,443.08	\$ 5,877.08	\$ 53,320.16

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
 Student Activity Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2011

	Balance July 1, 2010	Cash Receipts	Cash Disbursements	Balance June 30, 2011
Technology	\$ 994.02	\$ 75.00	\$ 239.76	\$ 829.26
Library	9,238.93	11,436.85	8,256.09	12,419.69
Secret garden	2,278.86	545.13	0.00	2,823.99
Student council	2,151.28	896.00	33.17	3,014.11
Earth supplies	0.00	172.34	172.34	0.00
Graduation funds	0.00	200.00	150.00	50.00
Trips	26,541.66	21,179.54	19,825.25	27,895.95
Poetry book	0.00	619.80	614.72	5.08
Miscellaneous	0.00	405.00	0.00	405.00
<b>Total</b>	<b>\$ 41,204.75</b>	<b>\$ 35,529.66</b>	<b>\$ 29,291.33</b>	<b>\$ 47,443.08</b>

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
 Payroll Agency Fund  
 Schedule of Receipts and Disbursement  
 For the Fiscal Year Ended June 30, 2011

	<u>Balance</u>	<u>Cash</u>	<u>Balance</u>
	<u>July</u>	<u>Receipts</u>	<u>June</u>
	<u>1, 2010</u>	<u>Disbursements</u>	<u>30, 2011</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 5,540.69	\$ 2,255,123.90	\$ 2,254,787.51
Total assets	<u>\$ 5,540.69</u>	<u>\$ 2,255,123.90</u>	<u>\$ 5,877.08</u>
<b>LIABILITIES:</b>			
Payroll deductions and withholdings	\$ 2,764.51	\$ 847,767.96	\$ 847,017.65
Net payroll	0.00	1,406,993.68	1,406,993.68
Interfund accounts payable	<u>2,776.18</u>	<u>362.26</u>	<u>776.18</u>
Total liabilities	<u>\$ 5,540.69</u>	<u>\$ 2,255,123.90</u>	<u>\$ 2,254,787.51</u>
			<u>\$ 5,877.08</u>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**General Long-Term Debt Account Group**  
**Statement of Serial Bonds**  
**June 30, 2011**

Issue	Date Of Issue	Amount Of Issue	Annual Maturities		Interest Rate	Balance July 1, 2010	Retired	Balance June 30, 2011
			Date	Amount				
School renovations	2/15/03	\$ 427,000.00	2/15/12	\$ 50,000.00	3.50%	\$ 150,000.00	\$ 50,000.00	\$ 100,000.00
	2/15/13	50,000.00	2/15/13	50,000.00				
School refunding bonds	2/15/03	1,306,000.00	02/15/12	125,000.00	3.50%	628,000.00	120,000.00	508,000.00
			02/15/13	125,000.00				
			02/15/14	130,000.00				
			02/15/15	128,000.00				
Construction of additions and renovations to South Harrison Schools	12/20/05	9,801,000.00	01/15/12	150,000.00	4.125%			
			01/15/13	155,000.00	4.125%			
			01/15/14	220,000.00	4.125%			
			01/15/15	240,000.00	4.125%			
			01/15/16	365,000.00	4.125%			
			01/15/17	385,000.00	4.125%			
			01/15/18	400,000.00	4.125%			
			01/15/19	420,000.00	4.125%			
			01/15/20	440,000.00	4.125%			
			01/15/21	465,000.00	4.125%			
			01/15/22	485,000.00	4.125%			
			01/15/23	510,000.00	4.125%			
			01/15/24	535,000.00	4.20%			
		01/15/25	560,000.00	4.25%				
		01/15/26	590,000.00	4.25%				
		01/15/27	615,000.00	4.25%				
		01/15/28	645,000.00	4.25%				
		01/15/29	680,000.00	4.25%				
		01/15/30	710,000.00	4.25%				
		01/15/31	745,000.00	4.25%				
						9,455,000.00	140,000.00	9,315,000.00

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
General Long-Term Debt Account Group  
Statement of Serial Bonds  
June 30, 2011

Issue	Date Of Issue	Amount Of Issue	Annual Maturities		Interest Rate	Balance	Balance
			Date	Amount		July 1, 2010	June 30, 2011
Construction of additions and renovations to South Harrison Schools	9/15/06	\$ 2,871,000.00	01/15/12	\$ 45,000.00	4.30%		
			01/15/13	55,000.00	4.30%		
			01/15/14	55,000.00	4.30%		
			01/15/15	85,000.00	4.30%		
			01/15/16	105,000.00	4.30%		
			01/15/17	110,000.00	4.30%		
			01/15/18	120,000.00	4.30%		
			01/15/19	125,000.00	4.30%		
			01/15/20	130,000.00	4.30%		
			01/15/21	135,000.00	4.30%		
			01/15/22	140,000.00	4.30%		
			01/15/23	145,000.00	4.30%		
			01/15/24	155,000.00	4.30%		
			01/15/25	160,000.00	4.30%		
			01/15/26	165,000.00	4.30%		
		01/15/27	180,000.00	4.35%			
		01/15/28	185,000.00	4.35%			
		01/15/29	195,000.00	4.35%			
		01/15/30	205,000.00	4.35%			
		01/15/31	215,000.00	4.35%			
						\$ 2,755,000.00	\$ 45,000.00
						\$ 2,755,000.00	\$ 45,000.00
						\$ 12,988,000.00	\$ 355,000.00
						\$ 12,988,000.00	\$ 355,000.00

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
 General Long-Term Debt Account Group  
 Schedule of Economic Development Authority Loan Payable  
 June 30, 2011

Issue	Date of Issue	Amount Of Issue	Annual Maturities	Interest Rate Payable	Amount Outstanding June 30, 2010	Retired	Amount Outstanding June 30, 2011
School construction	07/15/94	\$ 581,250.00	See Notes	1.500%	\$ 122,368.35	\$ 30,592.11	\$ 91,776.24
					<u>\$ 122,368.35</u>	<u>\$ 30,592.11</u>	<u>\$ 91,776.24</u>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Budget
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 751,735.00	0.00	\$ 751,735.00	\$ 751,735.00	\$ 0.00
State sources:					
Debt service aid type II	177,750.00	0.00	177,750.00	177,750.00	0.00
Total state sources	177,750.00	0.00	177,750.00	177,750.00	0.00
<b>Total revenues</b>	<b>929,485.00</b>	<b>0.00</b>	<b>929,485.00</b>	<b>929,485.00</b>	<b>0.00</b>
<b>EXPENDITURES:</b>					
Regular debt service:					
Interest	543,893.00	(0.11)	543,892.89	543,892.36	0.53
Redemption of principal	385,592.00	0.11	385,592.11	385,592.11	0.00
Total regular debt service	929,485.00	0.00	929,485.00	929,484.47	0.53
<b>Total expenditures</b>	<b>929,485.00</b>	<b>0.00</b>	<b>929,485.00</b>	<b>929,484.47</b>	<b>0.53</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	0.00	0.00	0.00	0.53	0.53
Fund balance - July 1	0.43	0.00	0.43	0.43	0.00
Fund balance - June 30	\$ 0.43	\$ 0.00	\$ 0.43	\$ 0.96	\$ 0.53

## **Statistical Section**

**Financial Trends** - These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.

**Revenue Capacity** - These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

**Debt Capacity** - These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

**Demographic and Economic Information** - These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

**Operating Information** - These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The District implemented GASB Statement 34 in fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
 Net Assets By Component  
 Last Eight Fiscal Years  
*Accrual Basis of Accounting*

	2011	2010	2009	2008	2007	2006	2005	2004
<b>Governmental activities:</b>								
Invested in capital assets, net of related debt	\$ 2,427,658.28	\$ 2,199,431.58	\$ 1,972,060.16	\$ 1,747,681.97	\$ (949,233.77)	\$ (7,507,613.25)	\$ 1,500,726.78	\$ 1,144,597.45
Restricted	31,437.76	31,209.47	71,771.70	262,203.62	3,530,994.74	10,173,583.14	973,003.42	1,126,723.20
Unrestricted	240,789.87	70,859.25	133,381.54	258,507.52	387,993.56	125,970.42	97,131.68	(126.03)
<b>Total governmental activities net assets</b>	<b>\$ 2,699,885.91</b>	<b>\$ 2,301,500.30</b>	<b>\$ 2,177,213.40</b>	<b>\$ 2,268,393.11</b>	<b>\$ 2,969,754.53</b>	<b>\$ 2,791,940.31</b>	<b>\$ 2,570,861.88</b>	<b>\$ 2,271,194.62</b>
<b>Business-type activities:</b>								
Invested in capital assets, net of related debt	\$ 70,008.00	\$ 76,691.00	\$ 83,374.00	\$ 90,052.00	\$ 1,252.00	\$ 8,163.00	\$ 11,096.00	\$ 13,659.24
Restricted	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unrestricted	(12,925.04)	(1,929.82)	755.71	909.34	14,630.78	10,312.54	11,171.11	13,009.79
<b>Total business-type activities net assets</b>	<b>\$ 57,082.96</b>	<b>\$ 74,761.18</b>	<b>\$ 84,129.71</b>	<b>\$ 90,961.34</b>	<b>\$ 15,882.78</b>	<b>\$ 18,475.54</b>	<b>\$ 22,267.11</b>	<b>\$ 26,669.03</b>
<b>District-wide activities:</b>								
Invested in capital assets, net of related debt	\$ 2,497,666.28	\$ 2,276,122.58	\$ 2,055,434.16	\$ 1,837,733.97	\$ (947,981.77)	\$ (7,499,450.25)	\$ 1,511,822.78	\$ 1,158,256.69
Restricted	31,437.76	31,209.47	71,771.70	262,203.62	3,530,994.74	10,173,583.14	973,003.42	1,126,723.20
Unrestricted	227,864.83	68,929.43	134,137.25	259,416.86	402,624.34	136,282.96	108,302.79	12,883.76
<b>Total district-wide activities net assets</b>	<b>\$ 2,756,968.87</b>	<b>\$ 2,376,261.48</b>	<b>\$ 2,261,343.11</b>	<b>\$ 2,359,354.45</b>	<b>\$ 2,985,637.31</b>	<b>\$ 2,810,415.85</b>	<b>\$ 2,593,128.99</b>	<b>\$ 2,297,863.65</b>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Changes In Net Assets**  
**Last Eight Fiscal Years**  
*Accrual Basis of Accounting*

	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses:</b>								
Governmental activities:								
Instruction:								
Regular	\$ 1,327,424.71	\$ 1,547,358.66	\$ 1,491,352.54	\$ 1,424,125.22	\$ 1,210,805.31	\$ 1,112,249.89	\$ 1,088,189.70	\$ 1,017,930.46
Special education	265,928.05	266,758.93	256,575.62	187,021.61	179,494.30	165,173.20	153,780.97	120,978.99
Other special education	69,310.26	76,475.00	51,470.02	71,300.13	79,025.94	76,753.95	57,610.64	56,574.45
Support services:								
Tuition	149,851.00	113,873.08	122,977.48	104,426.32	143,282.75	49,675.80	2,520.00	9,400.00
Student and instruction related services	382,665.02	403,290.22	356,843.92	364,027.82	327,131.49	302,170.93	287,477.57	277,465.96
School administrative services	1,000.06	40,312.26	98,744.94	69,096.63	52,241.12	49,267.22	300,243.48	317,450.83
Other administrative services	376,236.76	361,043.19	291,288.97	303,916.28	295,386.00	275,508.52	229,107.72	233,493.02
Plant operations and maintenance	391,778.70	427,486.37	429,657.78	416,429.63	281,538.57	230,894.03	0.00	0.00
Pupil transportation	327,052.12	356,581.15	316,368.96	348,672.24	334,869.58	268,909.75	202,127.25	176,129.98
Unallocated benefits	614,081.18	643,985.99	607,740.45	632,205.90	601,638.27	458,719.27	607,854.68	389,145.45
Special schools	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,653.80
Interest on long-term debt	544,525.04	551,478.62	567,100.75	608,571.58	527,522.37	260,854.80	59,738.29	70,294.60
Unallocated depreciation and amortization	189,488.92	187,202.34	196,051.00	194,669.00	179,827.00	183,330.92	174,291.92	118,929.13
Total governmental activities expenses	<u>4,639,341.82</u>	<u>4,975,845.81</u>	<u>4,786,172.43</u>	<u>4,724,462.36</u>	<u>4,212,762.70</u>	<u>3,433,508.28</u>	<u>3,162,942.22</u>	<u>2,792,446.67</u>
Business-type activities:								
Food services	125,829.00	127,239.07	127,236.31	127,326.28	109,941.96	88,302.54	88,710.05	99,920.66
Summer enrichment program	0.00	2,953.67	2,475.10	0.00	0.00	0.00	0.00	0.00
Ceramics/sculpture classes	1,246.40	3,904.85	4,448.09	4,033.13	4,834.64	4,901.18	4,840.00	0.00
Craft club	862.00	1,385.00	0.00	0.00	0.00	0.00	0.00	0.00
Target summer program	720.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
After school program	790.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total business-type activities expenses	<u>129,447.40</u>	<u>135,482.59</u>	<u>134,159.50</u>	<u>131,359.41</u>	<u>114,776.60</u>	<u>93,203.72</u>	<u>93,550.05</u>	<u>99,920.66</u>
Total district expenses	<u>\$ 4,768,789.22</u>	<u>\$ 5,111,328.40</u>	<u>\$ 4,920,331.93</u>	<u>\$ 4,855,821.77</u>	<u>\$ 4,327,539.30</u>	<u>\$ 3,526,712.00</u>	<u>\$ 3,256,492.27</u>	<u>\$ 2,892,367.33</u>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
Changes in Net Assets  
Last Eight Fiscal Years  
Accrual Basis of Accounting

	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues:</b>								
Governmental activities:								
Charges for services:								
Instruction (tuition)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Pupil transportation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Central and other support services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating grants and contributions	578,337.57	606,420.07	539,604.75	627,427.56	581,378.45	352,569.51	142,198.40	145,581.26
Capital grants and contributions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total governmental activities revenues	<u>578,337.57</u>	<u>606,420.07</u>	<u>539,604.75</u>	<u>627,427.56</u>	<u>581,378.45</u>	<u>352,569.51</u>	<u>142,198.40</u>	<u>145,581.26</u>
Business-type activities:								
Charges for services:								
Food services	86,746.66	92,334.52	91,504.75	79,348.41	64,154.34	54,604.72	51,743.43	41,660.20
Summer enrichment program	0.00	2,953.67	2,475.10	0.00	0.00	0.00	0.00	0.00
Ceramics/sculpture classes	1,246.40	3,904.85	3,712.04	4,550.00	4,765.00	5,190.00	4,840.00	0.00
Craft club	862.00	1,385.00	0.00	0.00	0.00	0.00	0.00	0.00
Target summer program	720.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
After school program	790.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating grants and contributions	21,404.12	25,536.02	22,605.29	22,458.87	19,150.97	17,338.27	17,620.92	17,529.20
Capital grants and contributions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total business-type activities revenues	<u>111,769.18</u>	<u>126,114.06</u>	<u>120,297.18</u>	<u>106,357.28</u>	<u>88,070.31</u>	<u>77,132.99</u>	<u>74,204.35</u>	<u>59,189.40</u>
Total district revenues	\$ 690,106.75	\$ 732,534.13	\$ 659,901.93	\$ 733,784.84	\$ 669,448.76	\$ 429,702.50	\$ 216,402.75	\$ 204,770.66
<b>Net (expenses)/revenues:</b>								
Governmental activities	\$ (4,061,004.25)	\$ (4,369,425.74)	\$ (4,246,567.68)	\$ (4,097,034.80)	\$ (3,631,384.25)	\$ (3,080,938.77)	\$ (3,020,743.82)	\$ (2,646,865.41)
Business-type activities	<u>(17,678.22)</u>	<u>(9,368.53)</u>	<u>(13,862.32)</u>	<u>(25,002.13)</u>	<u>(26,706.29)</u>	<u>(16,070.73)</u>	<u>(19,345.70)</u>	<u>(40,731.26)</u>
Total district-wide net expenses	\$ (4,078,682.47)	\$ (4,378,794.27)	\$ (4,260,430.00)	\$ (4,122,036.93)	\$ (3,658,090.54)	\$ (3,097,009.50)	\$ (3,040,089.52)	\$ (2,687,596.67)

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT

Changes In Net Assets  
Last Eight Fiscal Years  
Accrual Basis of Accounting

	2011	2010	2009	2008	2007	2006	2005	2004
General revenues and other changes in net assets:								
Governmental activities:								
Property taxes levied for general purposes, net	\$ 2,625,422.00	\$ 2,542,860.00	\$ 2,463,159.00	\$ 2,306,000.00	\$ 2,065,230.00	\$ 1,955,946.00	\$ 1,821,225.00	\$ 1,647,623.00
Taxes levied for debt service	751,735.00	685,607.00	607,451.00	563,247.00	201,320.00	182,903.00	168,263.00	176,670.00
Other local governmental units - unrestricted	0.00	0.00	0.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00
Tuition	5,800.00	0.00	4,690.95	21,264.60	0.00	0.00	0.00	0.00
Unrestricted grants and contributions	1,043,762.82	1,199,242.00	1,092,189.10	955,263.42	934,687.79	979,125.26	1,349,050.04	1,081,174.30
Restricted grants and contributions	0.00	0.00	0.00	0.00	0.00	0.00	108,811.21	14,587.78
Investment earnings	15,697.42	19,573.34	23,174.63	137,685.88	261,063.06	188,668.20	26,751.54	15,652.21
Miscellaneous income	12,726.90	17,093.08	1,932.05	368.71	818.82	28,465.54	9,821.68	17,512.37
Transfers	0.00	0.00	(7,000.00)	0.00	326,441.01	(11,325.13)	(13,937.17)	(28,594.92)
Donated capital assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12,885.00
Gain/(loss) on disposal of fixed assets	0.00	4,764.28	0.00	(627,582.00)	(2,250.00)	(21,237.80)	(2,134.00)	(4,573.00)
Fixed asset prior period adjustments	14,464.59	0.00	4,401.56	0.00	8,832.00	0.00	11,613.29	0.00
Obligations in capital leases prior year adjustment	0.00	0.00	(42,198.04)	0.00	0.00	0.00	0.00	0.00
Compensated absences addition/reduction	(10,218.87)	24,572.94	7,587.72	13,425.77	(16,944.21)	(30,527.87)	13,922.35	0.00
Cancellation of receivables	0.00	0.00	0.00	(4,000.00)	0.00	0.00	(202,975.86)	0.00
Total governmental activities	4,459,389.86	4,493,712.64	4,155,387.97	3,395,673.38	3,809,198.47	3,302,017.20	3,320,411.08	2,962,936.74
Business-type activities:								
Investment earnings	0.00	0.00	30.69	688.69	554.35	350.03	215.85	105.72
Miscellaneous income	0.00	0.00	0.00	0.00	0.19	0.00	0.00	0.00
Gain/(loss) on disposal of fixed assets	0.00	0.00	0.00	95,392.00	0.00	0.00	790.76	0.00
Transfers	0.00	0.00	7,000.00	4,000.00	23,558.99	11,929.13	13,937.17	28,594.92
Total business-type activities	0.00	0.00	7,030.69	100,080.69	24,113.53	12,279.16	14,943.78	28,700.64
Total district-wide activities	\$ 4,459,389.86	\$ 4,493,712.64	\$ 4,162,418.66	\$ 3,495,754.07	\$ 3,833,312.00	\$ 3,314,296.36	\$ 3,335,354.86	\$ 2,991,637.38
Change in net assets:								
Governmental activities	\$ 398,385.61	\$ 124,286.90	\$ (91,179.71)	\$ (701,361.42)	\$ 177,814.22	\$ 221,078.43	\$ 299,667.26	\$ 316,071.33
Business-type activities	(17,678.22)	(9,368.53)	(6,831.63)	75,078.56	(2,592.76)	(3,791.57)	(4,401.92)	(12,030.62)
Total district-wide	\$ 380,707.39	\$ 114,918.37	\$ (98,011.34)	\$ (626,282.86)	\$ 175,221.46	\$ 217,286.86	\$ 295,265.34	\$ 304,040.71

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
Fund Balances - Governmental Funds  
Last Eight Fiscal Years  
Modified Accrual Basis of Accounting

	2011	2010	2009	2008	2007	2006	2005	2004
General fund:								
Reserved	\$ 0.00	\$ 84,041.14	\$ 363,309.00	\$ 474,217.87	\$ 1,254,972.54	\$ 1,242,610.33	\$ 912,346.18	\$ 767,888.04
Unreserved	0.00	302,099.20	111,553.65	199,141.49	63,522.97	140,660.76	135,961.65	74,972.25
Restricted	121,698.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assigned	264,787.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unassigned	177,891.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total general fund</b>	<b>\$ 564,377.19</b>	<b>\$ 386,140.34</b>	<b>\$ 474,862.65</b>	<b>\$ 673,359.36</b>	<b>\$ 1,318,495.51</b>	<b>\$ 1,383,271.09</b>	<b>\$ 1,048,307.83</b>	<b>\$ 842,860.29</b>
All other governmental funds:								
Reserved	\$ 0.00	\$ 0.00	\$ 40,965.50	\$ 106,220.00	\$ 2,826,589.85	\$ 284,053.40	\$ 11,250.83	\$ 71,758.91
Unreserved, reported in:								
Special revenue fund	0.00	0.00	0.00	(151.50)	(151.50)	(151.50)	(151.50)	(151.50)
Capital projects fund	7,513.90	7,513.90	7,513.90	34,789.37	123,435.73	8,721,351.89	57,110.58	258,978.47
Debt service fund	0.96	0.43	0.28	33,337.28	0.00	195,827.03	3.04	11,694.53
Permanent fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total all other governmental funds</b>	<b>\$ 7,514.86</b>	<b>\$ 7,514.33</b>	<b>\$ 48,479.68</b>	<b>\$ 174,195.15</b>	<b>\$ 2,949,874.08</b>	<b>\$ 9,201,080.82</b>	<b>\$ 68,212.95</b>	<b>\$ 342,280.41</b>

Note: 2011 reflects the change to GASB 54.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Changes in Fund Balances - Governmental Funds**  
*Last Eight Fiscal Years*  
**Modified Accrual Basis of Accounting**

	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues:</b>								
Tax levy	\$ 3,377,157.00	\$ 3,228,467.00	\$ 3,070,610.00	\$ 2,869,247.00	\$ 2,266,550.00	\$ 2,138,849.00	\$ 1,989,488.00	\$ 1,824,293.00
Other local governmental units - unrestricted	0.00	0.00	0.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00
Tuition	5,800.00	0.00	4,690.95	21,264.60	0.00	0.00	0.00	0.00
Interest earned	15,652.94	19,458.73	19,669.29	41,096.07	611,063.06	188,668.20	27,551.07	15,652.21
Miscellaneous	15,226.90	17,093.08	1,932.05	368.71	818.82	28,465.54	9,022.15	17,512.37
State sources	1,474,595.05	1,511,180.08	1,541,110.58	1,503,782.93	1,426,043.75	1,249,338.83	1,326,492.65	1,152,010.63
Federal sources	154,052.34	302,833.99	90,683.27	78,908.05	90,022.49	82,355.94	85,241.40	89,332.71
<b>Total revenues</b>	<b>5,042,484.23</b>	<b>5,079,032.88</b>	<b>4,728,696.14</b>	<b>4,544,667.36</b>	<b>4,424,498.12</b>	<b>3,717,677.51</b>	<b>3,467,795.27</b>	<b>3,128,800.92</b>
<b>Expenditures:</b>								
<b>Instruction:</b>								
Regular instruction	1,327,424.71	1,569,189.13	1,511,720.11	1,424,125.22	1,210,805.31	1,112,249.89	1,088,189.70	998,499.00
Special education instruction	265,928.05	266,758.93	256,575.62	187,021.61	179,494.30	165,173.20	153,780.97	119,609.73
Other special instruction	69,310.26	76,475.00	51,470.02	71,300.13	79,025.94	76,753.95	57,610.64	56,574.45
<b>Support services:</b>								
Tuition	149,851.00	113,873.08	122,977.48	104,426.32	143,282.75	49,675.80	2,520.00	9,400.00
Student and instruction related services	382,665.02	403,290.22	356,843.92	364,027.82	327,131.49	302,170.93	287,477.57	277,006.96
General and administrative services	376,236.76	361,043.19	98,744.94	69,096.63	52,241.12	49,267.22	0.00	0.00
School administrative services	1,000.06	40,312.26	291,288.97	303,916.28	295,386.00	275,508.52	300,243.48	313,530.29
Plant operations and maintenance	391,778.70	427,486.37	429,657.78	422,365.29	281,538.57	230,894.03	229,107.72	232,826.02
Pupil transportation	327,052.12	356,581.15	316,368.96	348,672.24	334,869.58	268,909.75	202,127.25	176,129.98
Employee benefits	614,081.18	643,985.99	607,740.45	632,205.90	601,638.27	458,719.27	419,529.08	388,198.15
Special schools	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,653.80
Capital outlay	29,479.00	15,075.48	132,773.39	306,782.88	9,385,406.79	815,572.08	354,884.26	1,027,857.97
Debt service:								
Principal	385,592.11	370,592.11	342,592.00	290,592.11	215,592.11	175,592.11	160,592.11	155,592.11
Interest and other charges	543,892.36	557,343.74	569,793.00	619,309.31	481,509.22	58,430.50	63,439.38	70,233.26
<b>Total expenditures</b>	<b>4,864,291.33</b>	<b>5,202,006.65</b>	<b>5,088,546.64</b>	<b>5,143,841.74</b>	<b>13,587,921.45</b>	<b>4,038,917.25</b>	<b>3,319,502.16</b>	<b>3,830,111.72</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>178,192.90</b>	<b>(122,973.77)</b>	<b>(359,850.50)</b>	<b>(599,174.38)</b>	<b>(9,163,423.33)</b>	<b>(321,239.74)</b>	<b>148,293.11</b>	<b>(701,310.80)</b>
<b>Other financing sources (uses):</b>								
Proceeds from borrowing	0.00	0.00	0.00	0.00	2,871,000.00	9,801,000.00	0.00	0.00
Cancellation of receivables	0.00	0.00	0.00	0.00	0.00	0.00	(202,975.86)	0.00
Capital leases (nonbudgeted)	0.00	0.00	64,999.95	0.00	0.00	0.00	0.00	0.00
Transfers in	44.48	0.00	(3,494.66)	96,589.81	505,918.97	195,824.60	165,653.00	28,387.80
Transfers out	0.00	0.00	0.00	(219,000.00)	(529,477.96)	(207,753.73)	(179,590.17)	(56,982.72)
<b>Total other financing sources (uses)</b>	<b>44.48</b>	<b>0.00</b>	<b>61,505.29</b>	<b>(122,410.19)</b>	<b>2,847,441.01</b>	<b>9,789,070.87</b>	<b>(216,913.03)</b>	<b>(28,594.92)</b>
<b>Net change in fund balances</b>	<b>\$ 178,237.38</b>	<b>\$ (122,973.77)</b>	<b>\$ (298,345.21)</b>	<b>\$ (721,584.57)</b>	<b>\$ (6,315,982.32)</b>	<b>\$ 9,467,831.13</b>	<b>\$ (68,619.92)</b>	<b>\$ (729,905.72)</b>

Note: Noncapital expenditures are total expenditures less capital outlay.  
 Central services and administrative information technology account classifications were added beginning with year end June 30, 2005.  
 Prior to June 30, 2005, central services and administrative information technology were combined in other support services as business and other support services.

Source: District records.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**General Fund Other Local Revenue By Source**  
 Last Ten Fiscal Years  
*Modified Accrual Basis of Accounting*

Fiscal Year Ended June 30	Tuition	Other Local Governmental Units	Interest On Investments	Donations	Prior Year's Refunds	Miscellaneous	Total
2011	\$ 5,800.00	0.00	\$ 15,697.42	0.00	0.00	\$ 15,226.90	\$ 36,724.32
2010	0.00	0.00	19,573.34	0.00	0.00	17,893.08	37,466.42
2009	4,690.95	0.00	23,174.63	0.00	0.00	1,932.05	29,797.63
2008	21,264.60	30,000.00	137,685.88	0.00	0.00	368.71	189,319.19
2007	0.00	30,000.00	611,063.06	0.00	634.50	184.32	641,881.88
2006	0.00	30,000.00	188,668.20	0.00	17,875.66	10,589.88	247,133.74
2005	0.00	30,000.00	27,551.07	500.00	3,673.25	4,848.90	66,573.22
2004	0.00	30,000.00	15,652.21	9,076.79	2,001.24	6,434.34	63,164.58
2003	0.00	30,000.00	11,758.08	2,000.00	61.00	4,985.00	48,804.08
2002	6,944.88	30,000.00	13,816.69	12,967.00	1,159.33	6,302.00	71,189.90

Source: District records.

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 Regular	Farm Qualified	Commercial	Industrial	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**
2011	\$ 13,794,500.00	\$ 316,892,600.00	\$ 43,321,200.00	\$ 4,766,800.00	\$ 21,313,900.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 400,089,000.00	\$ 0.00	\$ 978,729.00	\$ 401,067,279.00	\$ 372,661,163.00	\$ 0.842
2010	6,934,700.00	184,090,000.00	27,418,300.00	2,675,100.00	8,322,300.00	0.00	0.00	0.00	0.00	229,440,400.00	0.00	581,640.00	230,022,040.00	385,275,211.00	1.404
2009	6,872,100.00	177,738,000.00	27,057,100.00	2,798,800.00	7,976,300.00	0.00	0.00	0.00	0.00	222,442,300.00	0.00	518,283.00	222,960,583.00	374,282,500.00	1.378
2008	6,337,100.00	168,446,600.00	26,981,400.00	2,781,000.00	6,480,000.00	0.00	0.00	0.00	0.00	211,026,100.00	0.00	485,985.00	211,512,085.00	348,301,770.00	1.357
2007	6,334,200.00	155,560,800.00	26,850,800.00	2,811,300.00	6,343,600.00	0.00	0.00	0.00	0.00	197,900,700.00	0.00	518,145.00	198,418,845.00	286,760,352.00	1.142
2006	7,180,300.00	146,242,900.00	27,009,200.00	2,851,800.00	5,334,400.00	0.00	0.00	0.00	0.00	188,618,600.00	0.00	570,943.00	189,189,543.00	255,222,339.00	1.130
2005	4,634,900.00	138,102,800.00	27,083,500.00	2,944,600.00	4,751,500.00	0.00	270,500.00	0.00	0.00	177,787,800.00	0.00	596,397.00	178,384,197.00	224,018,810.00	1.115
2004	0.00	0.00	0.00	0.00	0.00	0.00	0.00	43,936,400.00	122,415,600.00	166,352,000.00	0.00	655,997.00	167,007,997.00	196,893,623.00	1.093
2003	0.00	0.00	0.00	0.00	0.00	0.00	0.00	42,905,600.00	113,312,200.00	156,217,800.00	0.00	697,705.00	156,915,505.00	177,613,256.00	1.062
2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	42,507,000.00	106,945,300.00	149,452,300.00	882,400.00	724,168.00	149,294,068.00	159,555,908.00	1.030

Source: Municipal tax assessor.

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when the county board of taxation requests treasury to order a reassessment.

\*\*Taxable value of machinery, implements and equipment of telephone, telegraph and messenger system companies

\*\*\*Tax rates are per \$100.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Direct and Overlapping Property Tax Rates**  
**Per \$100 of Assessed Valuation**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	District's Direct Rate				Overlapping Rates			Total Direct And Overlapping Tax Rate
	Basic Rate*	General Obligation Debt Service**	Direct School Tax Rate	Regional High School	Municipality	County		
2011	\$ 0.655	\$ 0.187	\$ 0.842	\$ 0.612	\$ 0.101	\$ 0.550	\$ 2.105	
2010	1.105	0.298	1.404	1.008	0.176	0.989	3.577	
2009	1.106	0.272	1.378	1.013	0.177	0.994	3.562	
2008	1.091	0.266	1.357	1.139	0.149	0.978	3.623	
2007	1.041	0.101	1.142	1.160	0.100	0.916	3.318	
2006	1.034	0.096	1.130	1.042	0.097	0.920	3.189	
2005	1.007	0.108	1.115	1.068	0.099	0.840	3.122	
2004	0.999	0.094	1.093	1.106	0.099	0.785	3.083	
2003	0.964	0.098	1.062	0.995	0.100	0.759	2.916	
2002	0.906	0.124	1.030	0.792	0.093	0.711	2.626	

Source: Municipal Tax Collector.

Note: N.J.S.A. 18A:7F-5d limits the amount that the District can submit for a general fund tax levy. The levy when added to other components of the District's net budget may not exceed the prebudgeted year net budget by more than the spending growth limitation calculated as follows: the prebudgeted year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

\*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 Taxpayers**  
**Current Year and Nine Years Ago**

Taxpayer	2011		2002	
	Taxable Assessed Value	Percentage Of Total District Net Assessed Value	Taxable Assessed Value	Percentage Of Total District Net Assessed Value
Samuel and Colleen Sorbello	\$ 5,044,300.00	1.26%	\$ 2,127,749.00	1.43%
Fred and Cheryl-Ann Sarbello	3,580,300.00	0.89%	0.00	0.00%
C & F Family Limited Partnership	3,394,800.00	0.85%	0.00	0.00%
Samuel Sorbello	2,170,500.00	0.54%	0.00	0.00%
Robert J. Pacilli Investment, Inc.	2,100,000.00	0.52%	0.00	0.00%
Russell and Judith Marino	1,962,100.00	0.49%	0.00	0.00%
American Tower Asset Sub, LLC	1,897,200.00	0.47%	0.00	0.00%
Gres & Kaluzny Land Development	1,600,200.00	0.40%	0.00	0.00%
Bruce Paparone Communities, Inc.	1,396,700.00	0.35%	0.00	0.00%
Carmen A. Malignaggi	1,384,600.00	0.35%	0.00	0.00%
Paxon Communications	0.00	0.00%	1,006,100.00	0.67%
HFM Properties	0.00	0.00%	685,700.00	0.46%
James Mallon	0.00	0.00%	525,900.00	0.35%
W. Kirk Horner	0.00	0.00%	524,300.00	0.35%
Russell Lalena	0.00	0.00%	475,600.00	0.32%
Eugene Willets	0.00	0.00%	437,700.00	0.29%
Harrison Mobile Home Park	0.00	0.00%	433,000.00	0.29%
Barbara Thomas	0.00	0.00%	428,000.00	0.29%
Joseph Lario	0.00	0.00%	416,800.00	0.28%
<b>Total</b>	<b>\$ 24,530,700.00</b>	<b>6.12%</b>	<b>\$ 7,060,849.00</b>	<b>4.73%</b>

Source: Municipal Tax Assessor.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**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 Year
		Current Amount	Percentage Of Levy	
2011	\$ 3,377,157.00	\$ 3,377,157.00	100.00%	\$ 0.00
2010	3,228,467.00	3,228,467.00	100.00%	0.00
2009	3,070,610.00	3,070,610.00	100.00%	0.00
2008	2,869,247.00	2,869,247.00	100.00%	0.00
2007	2,266,550.00	2,266,550.00	100.00%	0.00
2006	2,138,849.00	2,138,849.00	100.00%	0.00
2005	1,989,488.00	1,989,488.00	100.00%	0.00
2004	1,824,293.00	1,824,293.00	100.00%	0.00
2003	1,667,295.00	1,667,295.00	100.00%	0.00
2002	1,537,254.00	1,537,254.00	100.00%	0.00

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 State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

**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	\$			
2011	\$ 12,633,000.00	\$ 91,776.24	\$ 0.00	\$ 12,724,776.24	Not Available	\$ Not Available	
2010	12,988,000.00	122,368.35	0.00	13,110,368.35	10.38%	4,110	
2009	13,328,000.00	152,960.46	21,830.47	13,502,790.93	10.92%	4,303	
2008	13,640,000.00	183,552.57	0.00	13,823,552.57	11.93%	4,503	
2007	13,900,000.00	214,144.68	5,935.66	14,120,080.34	13.12%	4,777	
2006	11,214,000.00	244,736.79	17,221.78	11,475,958.57	11.61%	3,990	
2005	1,558,000.00	275,328.90	27,837.35	1,861,166.25	1.99%	655	
2004	1,688,000.00	305,921.01	37,844.33	2,031,765.34	2.39%	748	
2003	1,813,000.00	336,513.12	54,402.86	2,203,915.98	2.71%	831	
2002	1,360,000.00	367,105.23	69,979.70	1,797,084.93	2.36%	709	

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 Obligation Bonds	Net General Bonded Debt Outstanding	Percentage Of Actual Taxable Value Of Property*	Per Capita**
2011	\$ 12,633,000.00	\$ 12,633,000.00	5.49%	\$ 0
2010	12,988,000.00	12,988,000.00	5.83%	4,071
2009	13,328,000.00	13,328,000.00	6.30%	4,178
2008	13,640,000.00	13,640,000.00	6.87%	4,347
2007	13,900,000.00	13,900,000.00	7.35%	4,528
2006	11,214,000.00	11,214,000.00	6.29%	3,794
2005	1,558,000.00	1,558,000.00	0.93%	542
2004	1,688,000.00	1,688,000.00	1.08%	594
2003	1,813,000.00	1,813,000.00	1.21%	668
2002	1,360,000.00	1,360,000.00	0.94%	513

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.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2010**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Estimated Share Of Overlapping Debt</u>
Debt repaid with property taxes:			
Municipality	\$ 0.00	100.00%	\$ 0.00
County general obligation debt	308,779,932.21	1.33%	4,112,791.51
Regional high school district	29,798,600.00	13.20%	3,932,721.23
Subtotal - overlapping debt			8,045,512.74
District's direct debt			13,079,776.24
Total direct and overlapping debt			<u>\$ 21,125,288.98</u>

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

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

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

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

Legal debt margin calculation for fiscal year 2011:

Equalized valuation basis:	
2010	\$ 379,807,291.00
2009	362,465,087.00
2008	<u>370,613,629.00</u>
	<u>\$ 1,112,886,007.00</u>

Average equalized valuation of taxable property

\$ 370,962,002.33

Debt limit (2.5% of average equalized value)\*

\$ 9,274,050.06

Total net debt applicable to limit

12,724,776.24

Legal debt margin or (deficit)

\$ (3,450,726.18)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Debt limit	\$ 9,274,050.06	\$ 9,048,726.57	\$ 8,720,271.18	\$ 7,882,750.33	\$ 6,931,690.92	\$ 5,967,039.01	\$ 5,237,991.60	\$ 4,644,179.12	\$ 4,186,200.28	\$ 3,857,044.59
Total net debt applicable to limit	12,724,776.24	13,110,368.35	13,480,960.46	13,823,552.57	14,114,144.68	14,329,736.79	1,833,328.90	1,993,921.05	2,149,513.12	1,727,105.23
Legal debt margin or (deficit)	<u>\$ (3,450,726.18)</u>	<u>\$ (4,061,641.78)</u>	<u>\$ (4,760,689.28)</u>	<u>\$ (5,940,802.24)</u>	<u>\$ (7,182,453.76)</u>	<u>\$ (8,362,697.78)</u>	<u>\$ 3,404,662.70</u>	<u>\$ 2,650,238.07</u>	<u>\$ 2,036,687.16</u>	<u>\$ 2,129,939.36</u>

Total net debt applicable to the limit as a percentage of debt limit

137.21%

	144.89%	154.59%	175.36%	203.62%	240.15%	35.00%	42.93%	51.35%	44.78%
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Source: Equalized valuation bases were obtained from the annual report of the State of New Jersey, Department of Treasury, Division of Taxation.

\*Limit set by N.J.S.A. 18A:24-19 for a K-12 district; other percentage limits would be applicable for other district types.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Year	Population*	Personal Income**	Per Capita Personal Income***	Unemployment Rate****
2010	Not Available	\$ Not Available	\$ Not Available	7.50%
2009	3,190	126,295,290.00	39,591.00	7.00%
2008	3,138	123,649,752.00	39,404.00	4.70%
2007	3,070	115,904,780.00	37,754.00	3.60%
2006	2,956	107,601,356.00	36,401.00	4.00%
2005	2,876	98,856,748.00	34,373.00	3.70%
2004	2,842	93,467,696.00	32,888.00	3.70%
2003	2,715	85,025,655.00	31,317.00	4.00%
2002	2,651	81,454,626.00	30,726.00	3.90%
2001	2,534	76,263,264.00	30,096.00	3.00%

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

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

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

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

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Principal Employers**  
**Current Year and Nine Years Ago**

Employer	2011		2002	
	Employees	Percentage Of Total Municipal Employment	Employees	Percentage Of Total Municipal Employment
Underwood Memorial Hospital	1,825	0.00%	N/A	N/A
Washington Township School District	1,648	0.00%	N/A	N/A
County of Gloucester	1,500	0.00%	N/A	N/A
Rowan University	1,300	0.00%	N/A	N/A
Kennedy Memorial Hospital	1,200	0.00%	N/A	N/A
Missa Bay, L.L.C.	950	0.00%	N/A	N/A
Monroe Township School District	741	0.00%	N/A	N/A
U.S. Foodservices	725	0.00%	N/A	N/A
DGI Services	600	0.00%	N/A	N/A
Delaware Valley Wholesale Florist	500	0.00%	N/A	N/A
<b>Total</b>	<b>10,989</b>	<b>0.000%</b>	<b>0</b>	<b>0.000%</b>

Source: Gloucester County Department of Economic Development, Gloucester County School Districts

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

N/A - Information not available

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Full-Time Equivalent District Employees by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Instruction:</b>										
Regular	21.5	23.0	22.1	23.8	22.1	19.1	18.9	17.5	17.9	18.4
Special education	5.0	4.0	4.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0
Other special education	2.0	7.0	6.0	3.0	0.4	0.4	0.4	0.4	0.5	0.0
Other instruction	1.5	1.5	2.5	2.8	3.7	7.9	9.0	6.4	4.4	4.4
<b>Support services:</b>										
Student and instruction related services	5.9	4.9	4.7	1.8	3.9	2.7	1.6	1.7	1.4	1.4
General administration	2.8	2.8	1.8	1.7	2.4	2.4	2.4	1.8	1.8	1.8
School administrative services	0.0	0.5	0.9	0.6	0.5	0.5	0.5	0.0	0.0	0.0
Central services	1.7	1.7	1.7	1.8	1.8	1.8	1.8	2.0	2.0	2.0
Plant operations and maintenance	2.0	1.5	1.5	2.2	2.4	2.4	2.4	0.6	0.0	0.0
Pupil transportation	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.0	0.0	0.0
Other support services	1.8	1.9	2.4	3.0	3.0	3.0	3.0	2.1	0.0	0.0
<b>Total</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>	<b>43.2</b>	<b>34.5</b>	<b>30.0</b>	<b>30.0</b>

Source: District personnel records.

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
Operating Statistics  
Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures*	Cost Per Pupil	Percentage Change	Teaching Staff**	Pupil/Teacher Ratio - Elementary	Average Daily Enrollment***	Average Daily Attendance***	Percentage Change In Average Daily Enrollment	Student Attendance Percentage
2011	378	\$ 3,905,327.86	\$ 10,331.56	-12.67%	26.0	1:14.5	369.70	352.70	2.69%	95.40%
2010	360	4,258,995.32	11,830.54	-1.40%	27.0	1:13.3	360.00	343.90	7.11%	95.53%
2009	337	4,043,388.25	11,998.18	0.21%	28.7	1:11.7	336.10	321.80	2.76%	95.75%
2008	328	3,927,157.44	11,973.04	6.57%	26.7	1:12.3	327.07	313.08	3.90%	95.72%
2007	312	3,505,413.33	11,235.30	8.24%	27.0	1:11.6	314.80	301.00	9.69%	95.62%
2006	288	2,989,322.56	10,379.59	4.91%	27.0	1:11.6	287.00	274.80	3.61%	95.75%
2005	277	2,740,586.41	9,893.81	1.76%	27.0	1:12.2	277.00	264.90	8.93%	95.63%
2004	265	2,576,428.38	9,722.37	N/A	27.0	1:10.2	254.30	244.10	4.05%	95.99%
2003	244	N/A	N/A	N/A	28.0	1:11	244.40	233.90	-2.08%	95.70%
2002	249	N/A	N/A	N/A	27.0	1:11	249.60	239.20	5.32%	95.83%

Source: District's records.

Note: Enrollment based on annual October district count.

\*Operating expenditures equal total expenditures less debt service and capital outlay.

\*\*Teaching staff includes only full-time equivalents of certified staff.

\*\*\*Average daily enrollment and average daily attendance are obtained from the school register summary.

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
School Building Information  
Last Ten Fiscal Years

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Square feet	68,543	68,543	68,543	68,543	35,562	35,562	35,562	35,562	35,562	35,562
Capacity (students)	463	463	463	463	239	239	239	239	239	239
Enrollment	378	360	337	328	312	288	277	254	244	249

District buildings:  
Elementary:  
South Harrison Township Elementary  
School (1950):

Number of schools at June 30, 2011:  
Elementary = 1

Source: District facilities office.

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

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*	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Elementary School	\$ 50,719.66	\$ 71,375.63	\$ 73,183.65	\$ 65,862.04	\$ 48,721.13	\$ 40,710.78	\$ 49,044.82	\$ 55,580.15	\$ 20,011.79	\$ 12,930.50
Total school facilities	50,719.66	71,375.63	73,183.65	65,862.04	48,721.13	40,710.78	49,044.82	55,580.15	20,011.79	12,930.50
Grand total	\$ 50,719.66	\$ 71,375.63	\$ 73,183.65	\$ 65,862.04	\$ 48,721.13	\$ 40,710.78	\$ 49,044.82	\$ 55,580.15	\$ 20,011.79	\$ 12,930.50

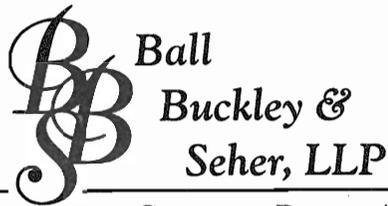
\*School facilities as defined under EFCFA. (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

Source: District records.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Insurance Schedule**  
**June 30, 2011**  
*Unaudited*

	Coverage	GCSSDJIF Self Insured Retention	Deductible
School package policy - Gloucester, Cumberland, Salem School Districts Joint Insurance Fund*:			
Property - blanket building and contents	\$ 150,000,000.00	\$ 200,000.00	\$ 500.00
Property valuation:			
Buildings and contents	Replacement Cost	N/A	N/A
Contractors equipment	Actual Cash Value	N/A	N/A
Automobiles	Actual Cash Value	N/A	N/A
General automobile liability	10,000,000.00	150,000.00	None
Boiler and machinery	125,000,000.00	None	1,000.00
Crime	500,000.00	200,000.00	500.00
Educator's legal liability	10,000,000.00	100,000.00	None
Worker's compensation	Statutory	250,000.00	None
Pollution legal liability	3,000,000.00	None	25,000.00
 * Excess carriers involved:			
Property, crime, general liability, automobile liability, workers' compensation		SPELLJIF, Selective Ins. Co. of America, Axis Surplus Insurance Company United National Insurance Company Max Specialty Insurance Company Alliance Global Risk US Insurance Company RSUI Indemnity Company	
General liability and automobile liability		SPELLJIF, Selective Ins. Co. of America	
Workers compensation		SPELLJIF, Selective Ins. Co. of America	
Educator's legal liability		SPELLJIF, Selective Ins. Co. of America	
 Group purchase of primary insurance coverage carrier array:			
Boiler and machinery		Travelers Insurance Company	
Pollution legal liability		ACE American Insurance Co.	

## **Single Audit Section**



CERTIFIED PUBLIC ACCOUNTANTS



**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**

**(No Material Weaknesses Identified, No Significant Deficiencies Identified,  
No Reportable Instances of Noncompliance or Other Matters Identified)**

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

I have audited the financial statements of the Board of Education of the South Harrison Township School District, County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued my report thereon dated November 29, 2011. I conducted my audit in accordance with 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 Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the Board of Education of the South Harrison Township School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board of Education of the South Harrison Township School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Board of Education of the South Harrison Township School District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board of Education of the South Harrison Township School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Board of Education of the South Harrison Township School District's financial statements that is more than inconsequential will not be prevented or detected by the Board of Education of the South Harrison Township School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Board of Education of the South Harrison Township School District's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

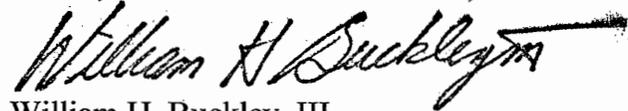
### **Compliance and Other Matters**

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

This report is intended solely for the information and use of the audit committee, management, the Board of Education of the South Harrison Township School District, the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

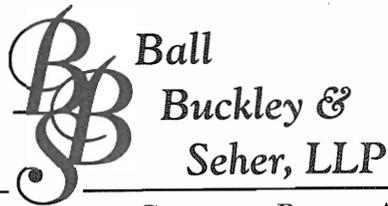
Respectfully submitted,

BALL, BUCKLEY AND SEHER, LLP



William H. Buckley, III  
Licensed Public School Accountant No. 86

November 29, 2011



CERTIFIED PUBLIC ACCOUNTANTS



**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133 AND  
NEW JERSEY OMB CIRCULAR 04-04**

**(Unqualified Opinion on Compliance; No Material Weaknesses  
Or Significant Deficiencies in Internal Control Over Compliance Identified)**

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

**Compliance**

I have audited the compliance of the Board of Education of the South Harrison Township School District, County of Gloucester, State of New Jersey with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that are applicable to each of its major state programs for the fiscal year ended June 30, 2011. The Board of Education of 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of the Board of Education of the South Harrison Township School District's management. My responsibility is to express an opinion on the Board of Education of the South Harrison Township School District's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133, and New Jersey OMB's Circular 04-04 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education of the South Harrison Township School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the Board of Education of the South Harrison Township School District's compliance with those requirements.

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In my opinion, the Board of Education of the South Harrison Township School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the fiscal year ended June 30, 2011.

### **Internal Control Over Compliance**

The management of the Board of Education of the South Harrison Township School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing my audit, I considered the Board of Education of the South Harrison Township School District's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Board of Education of the South Harrison Township School District's internal control over compliance.

A control deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board of Education of the South Harrison Township School District's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the Board of Education of the South Harrison Township School District's internal control.

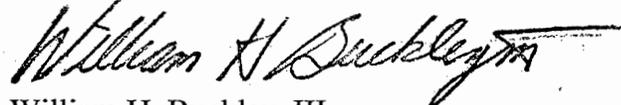
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the Board of Education of the South Harrison Township School District's internal control.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. The Board of Education of the South Harrison Township School District's responses to the findings identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit the Board of Education of the South Harrison Township School District's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, the Board of Education of the South Harrison Township School District, the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

BALL, BUCKLEY AND SEHER, LLP



William H. Buckley, III  
Licensed Public School Accountant No. 86

November 29, 2011

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2011**

Federal Grant/Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010	Carryover/ (Waiver) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2011		
											Accounts Receivable	Deferred Revenue	Due to Grantor
<b>U.S. Department of Agriculture Passed-Through State Department of Education:</b>													
Food distribution program	10.550	N/A	07/01/10 - 06/30/11	\$ 4,001.04	\$ 0.00	\$ 0.00	\$ 4,001.04	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
National school lunch program	10.555	N/A	07/01/10 - 06/30/11	16,372.24	0.00	0.00	16,372.24	0.00	0.00	0.00	0.00	0.00	0.00
National school lunch program	10.555	N/A	07/01/09 - 06/30/10	15,669.68	(1,097.29)	0.00	1,097.29	0.00	0.00	0.00	0.00	0.00	0.00
Total U.S. Department of Agriculture				36,042.96	(1,097.29)	0.00	21,470.57	20,373.28	0.00	0.00	0.00	0.00	0.00
<b>U.S. Department of Education Passed-Through State Department of Education:</b>													
Small, rural school achievement program	84.388A	N/A	07/01/09 - 06/30/10	151,169.00	(14,704.96)	0.00	14,704.96	0.00	0.00	0.00	0.00	0.00	0.00
Small, rural school achievement program	84.397	N/A	07/01/09 - 06/30/10	5,852.00	(568.80)	0.00	568.80	0.00	0.00	0.00	0.00	0.00	0.00
Total General Fund				157,021.00	(15,273.76)	0.00	15,273.76	0.00	0.00	0.00	0.00	0.00	0.00
<b>U.S. Department of Education Passed-Through State Department of Education:</b>													
Small, rural school achievement program	84.358A	S358A082658	07/01/08 - 09/30/09	34,933.00	(969.99)	0.00	26,094.29	25,124.30	0.00	0.00	0.00	0.00	0.00
Small, rural school achievement program	84.358A	S358A092658	07/01/09 - 09/30/10	36,704.00	0.00	0.00	13,290.30	14,889.35	0.00	0.00	(1,599.25)	0.00	0.00
Small, rural school achievement program	84.358A	S358A102658	07/01/10 - 09/30/11	38,146.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total U.S. Department of Education				109,783.00	(969.99)	0.00	39,384.59	40,013.65	0.00	0.00	(1,599.25)	0.00	0.00
<b>U.S. Department of Education Passed-Through State Department of Education:</b>													
Special Revenue Fund:													
Title I, Part A	84.010A	NCLB488011	09/01/10 - 08/31/11	9,539.00	0.00	0.00	4,936.00	9,539.00	0.00	0.00	(4,603.00)	0.00	0.00
Title I, Part A	84.010A	NCLB488010	09/01/09 - 08/31/10	15,489.00	(4,508.00)	0.00	5,508.00	1,000.00	0.00	0.00	0.00	0.00	0.00
ARRA - Title I, Part A	84.389	ARRA488010	09/01/09 - 08/31/11	5,192.00	(4,277.00)	0.00	4,277.00	0.00	0.00	0.00	0.00	0.00	0.00
Title II - Part A	84.281A	NCLB488011	09/01/10 - 08/31/11	7,393.00	0.00	0.00	4,448.00	7,200.00	0.00	0.00	(2,752.00)	0.00	0.00
Title II - Part A	84.281A	NCLB488010	09/01/09 - 08/31/10	7,754.00	(1,890.00)	0.00	1,890.00	0.00	0.00	0.00	0.00	0.00	0.00
Title II - Part D	84.281D	NCLB488011	09/01/10 - 08/31/11	18.00	0.00	0.00	18.00	18.00	0.00	0.00	0.00	0.00	0.00
Title II - Part D	84.281D	NCLB488010	09/01/09 - 08/31/10	158.00	(158.00)	0.00	158.00	76.00	0.00	0.00	(76.00)	0.00	0.00
I.D.E.A. Part B, basic regular	84.027	IDEA488011	09/01/09 - 08/31/10	60,055.00	(7,176.00)	0.00	50,055.00	50,055.00	0.00	0.00	0.00	0.00	0.00
I.D.E.A. Part B, basic regular	84.027	IDEA488010	09/01/09 - 08/31/10	57,455.00	(7,176.00)	0.00	7,176.00	0.00	0.00	0.00	0.00	0.00	0.00
ARRA - I.D.E.A. Part B, basic regular	84.391	ARRA488011	09/01/09 - 08/31/11	71,499.00	(18,324.95)	0.00	51,749.00	43,766.05	0.00	0.00	(10,342.00)	0.00	0.00
I.D.E.A. Part B, preschool incentive program	84.173	IDEA488011	09/01/10 - 08/31/11	2,776.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
I.D.E.A. Part B, preschool incentive program	84.173	IDEA488010	09/01/09 - 08/31/10	2,642.00	0.00	0.00	71.00	457.78	0.00	0.00	(386.78)	0.00	0.00
ARRA - I.D.E.A. Part B, preschool incentive program	84.392	ARRA488010	09/01/09 - 08/31/11	2,982.00	(0.34)	0.00	253.00	1,926.66	0.00	0.00	(1,674.00)	0.00	0.00
Total U.S. Department of Education				247,483.00	(21,433.03)	0.00	169,923.59	154,052.34	0.00	0.00	(21,433.03)	0.00	0.00
Total U.S. Department of Education				356,806.00	(36,747.75)	0.00	185,197.35	154,052.34	0.00	0.00	(21,433.03)	0.00	0.00
Total federal financial awards				\$ 356,806.00	\$ (36,747.75)	\$ 0.00	\$ 206,667.92	\$ 174,425.62	\$ 0.00	\$ 0.00	\$ (21,433.03)	\$ 0.00	\$ 0.00

See accompanying notes to schedules of financial assistance.

SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
 Schedule of Expenditures of State Financial Assistance  
 For the Fiscal Year Ended June 30, 2011

State General Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010			Balance at June 30, 2011			Memo					
				Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover/(Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years Balances		(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:															
Equalization aid	11-495-034-5120-078	07/01/10 - 06/30/11	\$ 806,138.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 728,868.39	\$ 806,138.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ (77,269.61)	\$ 0.00	\$ 0.00	\$ 806,138.00
Special education categorical aid	11-495-034-5120-089	07/01/10 - 06/30/11	193,175.00	0.00	0.00	0.00	174,658.61	193,175.00	0.00	0.00	0.00	(18,516.39)	0.00	0.00	193,175.00
Extracurricular aid	10-100-034-5120-473	07/01/10 - 06/30/11	16,374.00	0.00	0.00	0.00	0.00	16,374.00	0.00	0.00	0.00	(16,374.00)	0.00	0.00	16,374.00
Equalization aid	10-100-034-5120-473	07/01/09 - 06/30/10	798,465.00	(3,379.00)	0.00	0.00	3,379.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,379.00
Equalization aid	10-100-034-5120-078	07/01/09 - 06/30/10	798,465.00	(65,909.08)	0.00	0.00	65,909.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	798,465.00
Special education categorical aid	10-495-034-5120-078	07/01/10 - 06/30/11	12,784.42	(17,784.42)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12,784.42
Special education categorical aid	10-495-034-5120-089	07/01/09 - 06/30/10	182,826.00	(17,784.42)	0.00	0.00	17,784.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	182,826.00
Security aid	10-495-034-5120-078	07/01/09 - 06/30/10	25,935.00	(2,593.32)	0.00	0.00	2,593.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25,935.00
T.P.A.F. wage freeze grant	10-495-034-5120-084	07/01/10 - 06/30/11	291.00	0.00	0.00	0.00	0.00	291.00	0.00	0.00	0.00	(291.00)	0.00	0.00	291.00
Reimbursement of nonpublic school transportation costs		07/01/10 - 06/30/11	7,012.82	0.00	0.00	0.00	0.00	7,012.82	0.00	0.00	0.00	(7,012.82)	0.00	0.00	7,012.82
Reimbursement of nonpublic school transportation costs		07/01/09 - 06/30/10	6,627.00	(6,627.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,627.00
Reimbursed T.P.A.F. social security contributions	11-100-034-5095-006	07/01/10 - 06/30/11	121,731.23	0.00	0.00	0.00	121,731.23	121,731.23	0.00	0.00	0.00	0.00	0.00	0.00	121,731.23
Reimbursed T.P.A.F. social security contributions	10-100-034-5095-006	07/01/09 - 06/30/10	138,687.08	(6,695.39)	0.00	0.00	6,695.39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	138,687.08
On-behalf T.P.A.F. pension contribution	11-495-034-5095-001	07/01/10 - 06/30/11	131,351.00	0.00	0.00	0.00	131,351.00	131,351.00	0.00	0.00	0.00	0.00	0.00	0.00	131,351.00
Debt service aid type II	11-495-034-5120-017	07/01/10 - 06/30/11	177,750.00	0.00	0.00	0.00	177,750.00	177,750.00	0.00	0.00	0.00	0.00	0.00	0.00	177,750.00
State Department of Agriculture: National school lunch program (state share)	11-100-010-3350-023	07/01/10 - 06/30/11	1,030.84	0.00	0.00	0.00	1,030.84	1,030.84	0.00	0.00	0.00	0.00	0.00	0.00	1,030.84
National school lunch program (state share)	10-100-010-3350-023	07/01/09 - 06/30/10	1,242.28	(89.56)	0.00	0.00	89.56	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,242.28
			\$ 1,453,462.26	\$ (118,075.19)	\$ 0.00	\$ 0.00	\$ 1,453,462.26	\$ 1,454,853.89	\$ 0.00	\$ 0.00	\$ 0.00	\$ (119,463.82)	\$ 0.00	\$ 0.00	\$ 2,644,754.97

Total state financial assistance

See accompanying notes to schedules of financial assistance.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS  
AND FINANCIAL ASSISTANCE  
JUNE 30, 2011**

**NOTE 1 - GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include the activity of all 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 federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

**NOTE 2 - BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented 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 bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (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 state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that 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 \$20,772.00 for the general fund, \$0.00 for the special revenue fund, and \$0.00 in the capital projects fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general fund and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General fund	\$ -	\$ 1,296,845.05	\$ 1,296,845.05
Special revenue fund	154,052.34	-	154,052.34
Debt service fund	-	177,750.00	177,750.00
Food service fund	<u>20,373.28</u>	<u>1,030.84</u>	<u>21,404.12</u>
Total awards and financial assistance	<u>\$ 174,425.62</u>	<u>\$ 1,475,625.89</u>	<u>\$ 1,650,051.51</u>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS  
AND FINANCIAL ASSISTANCE  
JUNE 30, 2011**

**NOTE 4 - RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5 - OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amount reported as TPAF pension contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2011. 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, 2011.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2011**

*Section I - Summary of Auditor's Results*

**Financial Statements**

Type of auditor's report issued:

Unqualified Opinion

Internal control over financial reporting:

1) Material weakness(es) identified?

\_\_\_\_\_ yes   X   no

2) Reportable condition(s) identified?

\_\_\_\_\_ yes   X   none reported

Noncompliance material to basic financial statements noted?

\_\_\_\_\_ yes   X   no

**Federal Awards - No Federal Single Audit Required**

Internal Control over compliance:

1) Material weakness(es) identified?

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

2) Reportable condition(s) identified?

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

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

\_\_\_\_\_

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

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

Identification of major programs:

CFDA Numbers(s)

Name of Federal Program or Cluster

<u>CFDA Numbers(s)</u>	<u>Name of Federal Program or Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs? \_\_\_\_\_

Auditee qualified as low-risk auditee?

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

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2011**

*Section I - Summary of Auditor's Results (Concluded)*

**State Awards**

Dollar threshold used to distinguish between Type A \$ 300,000.00

Auditee qualified as low-risk auditee? X yes        no        N/A

Type of auditor's report issued on compliance for major programs: Unqualified Opinion

Internal Control over major programs:

- 1) Material weakness(es) identified?        yes   X   no
- 2) Reportable condition(s) identified that were not considered to be material weaknesses?        yes   X   none reported

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04?        yes   X   no

Identification of major programs:

<u>GMIS Numbers(s)</u>	<u>Name of State Program</u>
<u>11-495-034-5120-078</u>	<u>Equalization aid</u>
<u>11-495-034-5120-089</u>	<u>Special education categorical aid</u>
<u>      </u>	<u>      </u>
<u>      </u>	<u>      </u>

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2011**

*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. See paragraphs 13.15 and 13.35.

**Finding 11-0**

No Current Year Findings.

*Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs*

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

**Federal and State Awards**

**Finding 11-0**

No Current Year Findings or Questioned Costs.

**SOUTH HARRISON TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
JUNE 30, 2011**

This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular Letter 04-04.

**Status of Prior Year Findings**

**Finding 10-0**

There were no prior year audit findings.