

SCHOOL DISTRICT
OF
**HARRISON
TOWNSHIP**



Harrison Township Board of Education
Mullica Hill, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013

Comprehensive Annual Financial Report

of the

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

For the Fiscal Year Ended June 30, 2013

Prepared by

Harrison Township Board of Education
Finance Department

HARRISON TOWNSHIP SCHOOL DISTRICT

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Introductory Section

HARRISON TOWNSHIP BOARD OF EDUCATION
120 N. Main St.
Mullica Hill, New Jersey 08062
(856) 478-2016
fax (856) 478-0699

Dr. Missy Peretti
Superintendent

Robert E. Scharlé
School Business Admin./Board Secretary

September 20, 2013

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

Dear Board Members and Constituents of Harrison Township:

The comprehensive annual financial report of the Harrison Township School District (District) for the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 as amended in 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels K through 6. These include regular, as well as special education for gifted and handicapped youngsters. The District completed the 2012-2013 fiscal year with an enrollment of 1,454 students, which is 34 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

ATTENDANCE DATA
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Average Daily Attendance</u>	<u>% Change in Average Daily Enrollment</u>	<u>Attendance Percentage</u>
2012-13	1,441.9	1,380.5	(2.73%)	95.74%
2011-12	1,482.30	1,426.30	(0.79%)	96.22%
2010-11	1,494.10	1,439.80	(3.39%)	96.37%
2009-10	1,546.60	1,483.2	2.23%	95.90%
2008-09	1,512.90	1,454.70	(1.47%)	96.15%
2007-08	1,535.40	1,479.00	5.03%	96.33%
2006-07	1,461.90	1,406.70	(0.48%)	96.22%
2005-06	1,468.90	1,409.80	3.28%	95.98%
2004-05	1,422.30	1,361.10	3.95%	95.70%
2003-04	1,368.20	1,312.90	5.39%	95.96%

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

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

In the area of curriculum, we have aligned our Mathematics and English Language Arts Curricula with the Common Core Standards. We have implemented Pearson's Reading Street Series for Language Arts Literacy Instruction in Grades Kindergarten through Sixth. Additionally, we are following the Engage New York Curriculum for Mathematics and supplementing with appropriate materials at each grade level to ensure that the major works of each grade level are properly being covered.

Staff training has also taken place in the following areas:

1. Common Core Standards
2. Pearson' Reading Street Series
3. Achieve NJ (teacher evaluation)
4. Teachscape
5. Mandated Security Drill Procedures

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2013.

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

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

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

9) OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Inverso & Stewart, LLC, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 as amended in 1996 and the related OMB Circular A-133 and New Jersey OMB's Circular 04-04. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

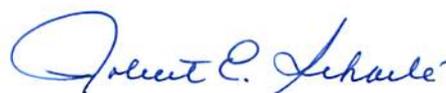
10) ACKNOWLEDGMENTS:

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

Respectfully submitted,



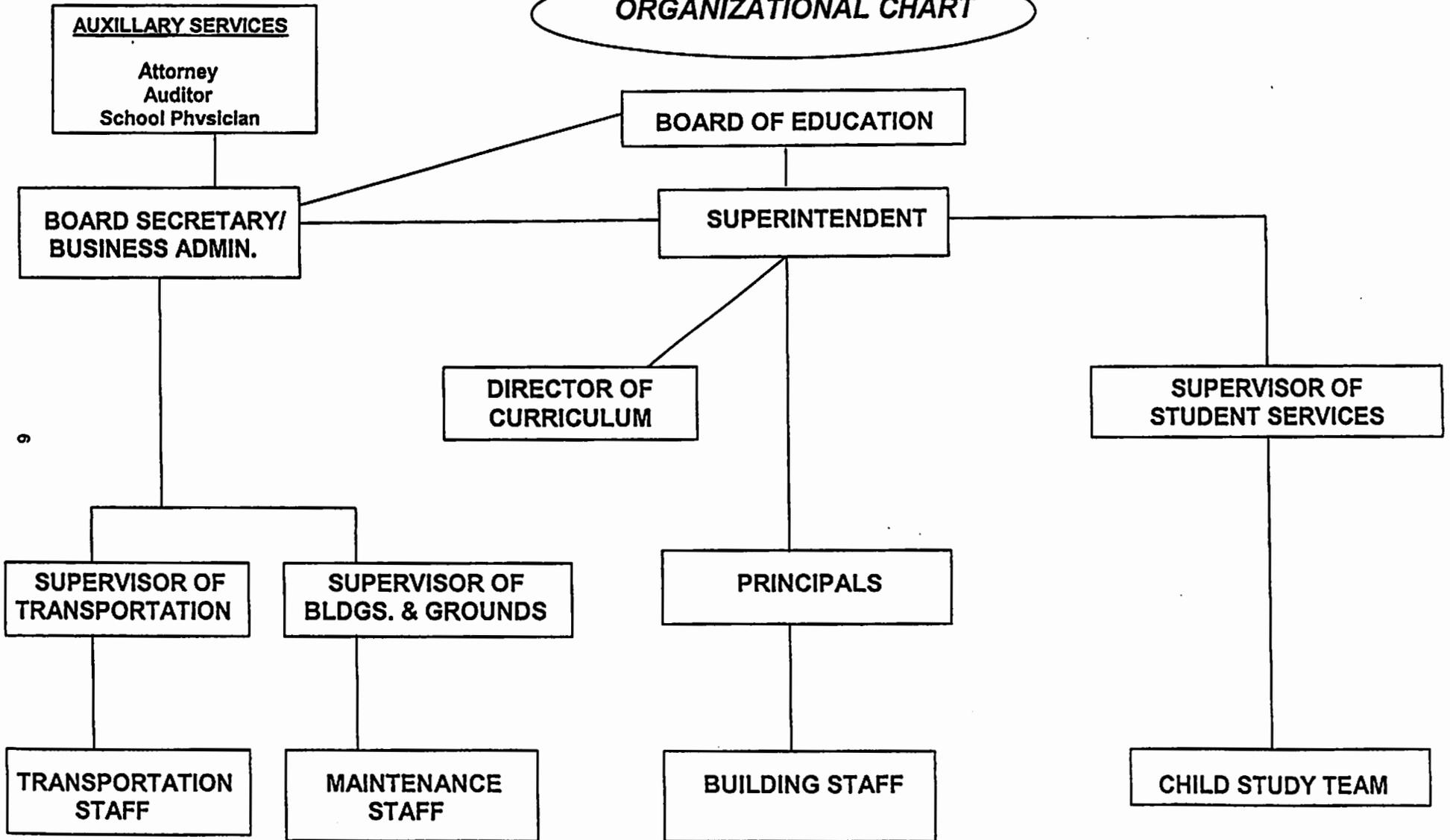
Dr. Missy Peretti
Superintendent



Robert E. Scharlé
School Business Administrator/Board Secretary

HARRISON TOWNSHIP SCHOOL DISTRICT
MULLICA HILL, NEW JERSEY

ORGANIZATIONAL CHART



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

***ROSTER OF OFFICIALS
JUNE 30, 2013***

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Barbara Beske, President	2013
Joseph Schwab, Vice-President	2015
Kristin DeSimone	2013
Patrick Duffey	2013
Gregory Fuller	2014
Stacey Muscarella	2014
Skip Sindoni	2015
Theresa Vaites	2013
John Williams	2014

Other Officials

Dr. Missy Peretti, Superintendent

Robert E. Scharlé, School Business Administrator/Board Secretary

Robert Muccilli, Solicitor

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

Consultants and Advisors

AUDIT FIRM

Inverso & Stewart, LLC
12000 Lincoln Drive West -- Suite 402
Marlton, New Jersey 08053

ATTORNEY

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

FISCAL AGENT(S)

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

OFFICIAL DEPOSITORY

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

Financial Section

INVERSO & STEWART, LLC
Certified Public Accountants

12000 Lincoln Drive West, Suite 402
Marlton, New Jersey 08053
(856) 983-2244
Fax (856) 983-6674
E-Mail: iscpas@concentric.net

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Harrison Township School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Harrison Township School District, in the County of Gloucester, State of New Jersey, as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Harrison Township School District's basic financial statements. The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and State of New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the financial statements.

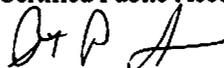
The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated September 20, 2013 on my consideration of the Harrison Township School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Harrison Township School District's internal control over financial reporting and compliance.

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant

Marlton, New Jersey
September 20, 2013

INVERSO & STEWART, LLC
 Certified Public Accountants

12000 Lincoln Drive West, Suite 402
 Marlton, New Jersey 08053
 (856) 983-2244
 Fax (856) 983-6674
 E-Mail: jscpas@concentric.net

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

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

INDEPENDENT AUDITOR'S REPORT

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Harrison Township School District, in the County of Gloucester, State of New Jersey, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued my report thereon dated September 20, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

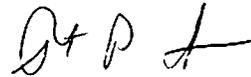
As part of obtaining reasonable assurance about whether the Harrison Township School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have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

I noted certain matters that I reported to management of the Harrison Township School District in a separate report entitled, *Auditors Management Report on Administrative Findings - Financial, Compliance and Performance* dated September 20, 2013.

Purpose of this Report

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

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant

Marlton, New Jersey
September 20, 2013

Required Supplementary Information - Part I

Management's Discussion and Analysis

**Township of Harrison School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

As management of the Board of Education of the Township of Harrison, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$8,833,700 (*net position*).
- Governmental activities have unrestricted deficit net position of \$569,958. The accounting treatments in the governmental funds for compensated absences payable, the last two state aid payments, and the state statute that prohibits school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net position of the School District increased \$512,161, or an 6.15% increase from the prior fiscal year-end balance.
- Fund balance of the School District's governmental funds decreased \$53,931 resulting in an ending fund balance of \$1,065,001. This decrease is due to the results of operations in the general fund.
- Business-type activities have unrestricted net position of \$32,756, which may be used to meet the School District's ongoing obligations of the food service operations.
- The School District's long-term obligations decreased by \$1,295,641 which is the result of the payment of bond principal, capital lease principal and a slight increase in compensated absences.

Overview of the Basic Financial Statements

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

District-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Notes to the Basic Financial Statements

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

Other Information

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

District-wide Financial Analysis

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

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

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2013. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2013.

The assets of the primary government activities exceeded liabilities by \$8,759,256 with an unrestricted deficit balance of \$569,958. The net position of the primary government does not include internal balances.

A net investment of \$8,125,309 in land, improvements, buildings, equipment and vehicles provides the services to the School District's 1,442 public school students. Net position of \$219,970 have been restricted to provide resources for future capital expansion and renovation projects while \$831,621 has been restricted for budget appropriation.

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

**Township of Harrison School District
Comparative Summary of Net Position
As of June 30, 2013 and 2012**

	Governmental Activities		Business-Type Activities		District-Wide	
	2013	2012	2013	2012	2013	2012
Assets:						
Current assets	\$ 1,302,928	\$ 1,479,393	\$ 44,348	\$ 47,458	\$ 1,347,276	\$ 1,526,851
Capital assets	<u>16,250,309</u>	<u>16,981,088</u>	<u>41,688</u>	<u>53,731</u>	<u>16,291,997</u>	<u>17,034,819</u>
Total assets	<u>17,553,237</u>	<u>18,460,481</u>	<u>86,036</u>	<u>101,189</u>	<u>17,639,273</u>	<u>18,561,670</u>
Liabilities:						
Current Liabilities	1,466,376	1,633,030	11,592	13,522	1,477,968	1,646,552
Noncurrent Liabilities	<u>7,327,605</u>	<u>8,492,746</u>	<u></u>	<u></u>	<u>7,327,605</u>	<u>8,492,746</u>
Total liabilities	<u>8,793,981</u>	<u>10,125,776</u>	<u>11,592</u>	<u>13,522</u>	<u>8,805,573</u>	<u>10,139,298</u>
Net position	<u>\$ 8,759,256</u>	<u>\$ 8,334,705</u>	<u>\$ 74,444</u>	<u>\$ 87,667</u>	<u>\$ 8,833,700</u>	<u>\$ 8,422,372</u>
Net position consist of:						
Net investment in						
capital assets	\$ 8,125,309	\$ 7,610,588	\$ 41,688	\$ 53,731	\$ 8,166,997	\$ 7,664,319
Restricted	1,203,905	1,225,768			1,203,905	1,225,768
Unrestricted	<u>(569,958)</u>	<u>(501,651)</u>	<u>32,756</u>	<u>33,936</u>	<u>(537,202)</u>	<u>(467,715)</u>
Net position	<u>\$ 8,759,256</u>	<u>\$ 8,334,705</u>	<u>\$ 74,444</u>	<u>\$ 87,667</u>	<u>\$ 8,833,700</u>	<u>\$ 8,422,372</u>

Governmental Activities

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

- The increase is a result of repayment of debt.

Business-type Activities

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

- The Food Service Program had a net loss of \$13,223.

**Township of Harrison School District
Comparative Schedule of Changes in Net Position
As of and for the Fiscal Year Ended June 30, 2013 and 2012**

	Governmental Activities		Business-Type Activities		District-Wide	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues						
Charges for services			\$ 269,958	\$ 285,756	\$ 269,958	\$ 285,756
Operating grants and Contributions	\$ 2,696,023	\$ 2,439,581	102,179	98,765	2,798,202	2,538,346
Capital grants and Contributions						
General Revenues:						
Property Taxes	11,510,685	11,404,387			11,510,685	11,404,387
Unrestricted State Aid	6,255,971	6,165,435			6,255,971	6,165,435
Tuition	294,094	273,106			294,094	273,106
Other Revenues	103,308	240,113			103,308	240,113
Total Revenues	20,860,081	20,522,622	372,137	384,521	21,232,218	20,907,143
Expenses:						
Governmental Activities:						
Instruction	8,995,888	8,800,012			8,995,888	8,800,012
Tuition	791,656	344,528			791,656	344,528
Related Services	1,249,386	1,470,419			1,249,386	1,470,419
Administrative Services	1,005,260	1,009,578			1,005,260	1,009,578
Operations and Maintenance	1,532,140	1,721,179			1,532,140	1,721,179
Transportation	1,269,498	1,245,599			1,269,498	1,245,599
Central Services	502,429	542,095			502,429	542,095
Interest on long-term Debt	388,582	389,432			388,582	389,432
Other	40,797	58,645			40,797	58,645
Unallocated benefits	4,559,061	4,038,267			4,559,061	4,038,267
Business-Type Activities:						
Food Service Operations			385,360	402,396	385,360	402,396
Total Expenses	20,334,697	19,619,754	385,360	402,396	20,720,057	20,022,150
Increase in net position						
Before transfers	525,384	902,868	(13,223)	(17,875)	512,161	884,993
Transfers						
Changes in net position	525,384	902,868	(13,223)	(17,875)	512,161	884,993
Net position, July 1, Restated	8,233,872	7,431,837	87,667	105,542	8,321,539	7,537,379
Net position, June 30,	\$ 8,759,256	\$ 8,334,705	\$ 74,444	\$ 87,667	\$ 8,833,700	\$ 8,422,372

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$1,065,001, a decrease of \$53,931 in comparison with the prior year.

The unreserved fund balance for the School District at the end of the fiscal year includes a deficit unreserved fund balance of \$138,903 in the General Fund. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) as restricted cash reserved for future capital outlay expenditures \$219,970, 2) appropriated as a revenue source in the subsequent year's budget \$500,000, 3) reserve for encumbrances \$19,740 4) reserved for maintenance \$152,313 or 5) reserved for future budget appropriation in accordance with state statutes \$311,881.

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

General Fund Budgetary Highlights

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

At the end of the current fiscal year, unreserved fund balance (budgetary basis) of the general fund was \$444,971, while total fund balance (budgetary basis) was \$1,648,875. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$18,965,699. Unreserved fund balance (budgetary basis) represents 2.35% of expenditures while total fund balance (budgetary basis) represents 8.69% of that same amount.

Capital Asset and Debt Administration

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2013, totaled \$16,291,997 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was \$742,822, or a 4.36% decrease. The decrease is primarily due to depreciation expense.

**Township of Harrison School District
Capital Assets (net of accumulated depreciation)
June 30, 2013 and 2012**

	Governmental Activities		Business-Type Activities		District-Wide	
	2013	2012	2013	2012	2013	2012
Land	\$ 430,000	\$ 430,000			\$ 430,000	\$ 430,000
Buildings and Building Improvements	15,297,538	15,953,143			15,297,538	15,953,143
Equipment	<u>522,771</u>	<u>597,945</u>	<u>\$ 41,688</u>	<u>\$ 53,731</u>	<u>564,459</u>	<u>651,676</u>
Total	<u>\$ 16,250,309</u>	<u>\$ 16,981,088</u>	<u>\$ 41,688</u>	<u>\$ 53,731</u>	<u>\$ 16,291,997</u>	<u>\$ 17,034,819</u>

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

Long-term debt – During the fiscal year ended June 30, 2013, the School District had \$8,125,000 in serial bonds payable and \$317,605 in compensated absences.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$34,957,506. The available amount as of June 30, 2013 was \$26,832,506.

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

Economic Factors and Next Year's Budgets and Rates

The following factors were considered and incorporated into the preparation of the School District's budget for the 2013-14 fiscal year.

- For the 2013-14 fiscal year the School District will be receiving an increase in state aid. The local tax levy in the General Fund increased by \$355,667 or 3.37%. The 2013-14 General Fund Budget increased \$173,936 over previous year. The tax rate for 2013 is \$.877 versus \$.859 in 2012.

Requests for Information

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

Basic Financial Statements

District-Wide Financial Statements

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Net Assets
June 30, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS:			
Cash and cash equivalents	\$ 607,013.77	\$ 21,789.59	\$ 628,803.36
Receivables, net	323,630.40	3,659.53	327,289.93
Inventory		18,898.41	18,898.41
Restricted assets:			
Capital reserve account	219,970.21		219,970.21
Maintenance reserve account	152,313.14		152,313.14
Capital assets, net (Note 5)	<u>16,250,309.00</u>	<u>41,688.00</u>	<u>16,291,997.00</u>
Total assets	<u>17,553,236.52</u>	<u>86,035.53</u>	<u>17,639,272.05</u>
LIABILITIES:			
Accounts payable	192,517.89	400.00	192,917.89
Intergovernmental payable:			
State	41,452.19		41,452.19
Unearned revenue	3,956.17	11,191.87	15,148.04
Accrued interest due within one year	113,449.79		113,449.79
Noncurrent liabilities (Note 7):			
Due within one year	1,115,000.00		1,115,000.00
Due beyond one year	<u>7,327,604.55</u>		<u>7,327,604.55</u>
Total liabilities	<u>8,793,980.59</u>	<u>11,591.87</u>	<u>8,805,572.46</u>
NET POSITION:			
Net investment in capital assets	8,125,309.00	41,688.00	8,166,997.00
Restricted for:			
Debt Service	0.25		0.25
Capital Projects	219,970.21		219,970.21
Other purposes	983,934.13		983,934.13
Unrestricted	<u>(569,957.66)</u>	<u>32,755.66</u>	<u>(537,202.00)</u>
Total net position	<u>\$ 8,759,255.93</u>	<u>\$ 74,443.66</u>	<u>\$ 8,833,699.59</u>

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes In Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 6,289,157.93		\$ 19,078.00		\$ (6,270,079.93)		\$ (6,270,079.93)
Special education	1,721,568.26				(1,721,568.26)		(1,721,568.26)
Other instruction	985,161.58		170,855.00		(814,306.58)		(814,306.58)
Support Services:							
Tuition	791,655.91		295,270.33		(496,385.58)		(496,385.58)
Student & instruction related services	1,249,386.46				(1,249,386.46)		(1,249,386.46)
General administrative services	411,413.31				(411,413.31)		(411,413.31)
School administrative services	593,846.62				(593,846.62)		(593,846.62)
Central services	502,429.18				(502,429.18)		(502,429.18)
Plant operations and maintenance	1,532,139.82				(1,532,139.82)		(1,532,139.82)
Pupil transportation	1,269,498.19				(1,269,498.19)		(1,269,498.19)
Unallocated employee benefits	4,559,060.98		1,710,683.76		(2,848,377.22)		(2,848,377.22)
Interest and other costs on long-term debt	388,582.08		500,136.00		111,553.92		111,553.92
Unallocated depreciation and amortization	40,797.00				(40,797.00)		(40,797.00)
Total governmental activities	<u>20,334,697.32</u>	<u>-</u>	<u>2,696,023.09</u>	<u>-</u>	<u>(17,638,674.23)</u>	<u>-</u>	<u>(17,638,674.23)</u>
Business-type activities:							
Food service program	<u>385,359.50</u>	<u>\$ 269,957.53</u>	<u>\$ 102,178.85</u>	<u>-</u>	<u>-</u>	<u>\$ (13,223.12)</u>	<u>(13,223.12)</u>
Total business-type activities	<u>385,359.50</u>	<u>269,957.53</u>	<u>102,178.85</u>	<u>-</u>	<u>-</u>	<u>(13,223.12)</u>	<u>(13,223.12)</u>
Total primary government	<u>20,720,056.82</u>	<u>269,957.53</u>	<u>2,798,201.94</u>	<u>-</u>	<u>(17,638,674.23)</u>	<u>(13,223.12)</u>	<u>(17,651,897.35)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net							
Taxes levied for debt service					11,510,685.00		11,510,685.00
Federal and state aid not restricted					6,255,971.37		6,255,971.37
Tuition charges					294,093.60		294,093.60
Transportation charges					67,125.00		67,125.00
Investment earnings					7,484.25		7,484.25
Miscellaneous income					28,699.15		28,699.15
Total general revenues, special items, extraordinary items and transfers					<u>18,164,058.37</u>	<u>-</u>	<u>18,164,058.37</u>
Change in Net Position					525,384.14	(13,223.12)	512,161.02
Net Position (Restated) - July 1					<u>8,233,871.79</u>	<u>87,666.78</u>	<u>8,321,538.57</u>
Net Position - June 30					<u>\$ 8,759,255.93</u>	<u>\$ 74,443.66</u>	<u>\$ 8,833,699.59</u>

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

Fund Financial Statements

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2013

ASSETS	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 607,013.52	\$ -	\$ -	\$ 0.25	\$ 607,013.77
Receivables, net	264,461.22	53,168.73			317,629.95
Interfund receivable	11,173.82				11,173.82
Restricted cash and cash equivalents	<u>372,283.35</u>				<u>372,283.35</u>
Total assets	<u>1,254,931.91</u>	<u>53,168.73</u>	<u>-</u>	<u>0.25</u>	<u>1,308,100.89</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	188,830.89	3,687.00			192,517.89
Intergovernmental payable:					
State		41,452.19			41,452.19
Unearned revenues	1,100.00	2,856.17			3,956.17
Interfund payable		<u>5,173.37</u>			<u>5,173.37</u>
Total liabilities	<u>189,930.89</u>	<u>53,168.73</u>	<u>-</u>	<u>-</u>	<u>243,099.62</u>
Fund Balances:					
Restricted for:					
Excess surplus	311,880.73				311,880.73
Excess Surplus - Designated for Subsequent Year's Expenditures	320,549.42				320,549.42
Capital reserve account	219,970.21				219,970.21
Maintenance reserve account	152,313.14				152,313.14
Assigned to:					
Year-end encumbrances	19,740.26				19,740.26
Designated for subsequent year's expenditures	179,450.58				179,450.58
Unassigned	<u>(138,903.32)</u>			<u>0.25</u>	<u>(138,903.07)</u>
Total fund balances	<u>1,065,001.02</u>	<u>-</u>	<u>-</u>	<u>0.25</u>	<u>1,065,001.27</u>
Total liabilities and fund balances	<u>\$ 1,254,931.91</u>	<u>\$ 53,168.73</u>	<u>\$ -</u>	<u>\$ 0.25</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$29,104,657.00 and the accumulated depreciation is \$12,854,348.00.	16,250,309.00
Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the funds.	(113,449.79)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Serial bonds payable	(8,125,000.00)
Compensated absences	<u>(317,604.55)</u>
Net position of governmental activities	<u>\$ 8,759,255.93</u>

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
for the Fiscal Year Ended June 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 10,547,712.00			\$ 962,973.00	\$11,510,685.00
Tuition charges	294,093.60				294,093.60
Transportation fees	67,125.00				67,125.00
Capital Reserve - Interest earned	694.01				694.01
Maintenance Reserve - Interest earned	166.24				166.24
Miscellaneous	35,323.15				35,323.15
Total revenues-local sources	10,945,114.00		-	962,973.00	11,908,087.00
State sources	7,966,655.13	\$ 51,960.17		500,136.00	8,518,751.30
Federal sources	-	433,243.13			433,243.13
Total revenues	18,911,769.13	485,203.30	-	1,463,109.00	20,860,081.43
EXPENDITURES:					
Current expense:					
Regular instruction	5,698,933.93	19,078.00			5,718,011.93
Special education instruction	1,721,568.26				1,721,568.26
Other instruction	814,306.58	170,855.00			985,161.58
Support services and undistributed costs:					
Tuition	496,385.61	295,270.30			791,655.91
Student & instruction related services	1,249,386.46				1,249,386.46
General administrative services	329,821.31				329,821.31
School administrative services	593,846.62				593,846.62
Central services	502,429.18				502,429.18
Plant operations and maintenance	1,512,778.41				1,512,778.41
Pupil transportation	1,269,498.19				1,269,498.19
Unallocated employee benefits	4,559,060.98				4,559,060.98
Capital outlay	217,683.89				217,683.89
Debt service:					
Principal				1,100,000.00	1,100,000.00
Interest and other charges				363,110.00	363,110.00
Total expenditures	18,965,699.42	485,203.30	-	1,463,110.00	20,914,012.72
Excess (deficiency) of revenues over (under) expenditures	(53,930.29)	-	-	(1.00)	(53,931.29)
Other Financing Sources (Uses):					
Capital Leases					-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	(53,930.29)	-	-	(1.00)	(53,931.29)
Fund balances, July 1	1,118,931.31			1.25	1,118,932.56
Fund balances, June 30	\$ 1,065,001.02	\$ -	\$ -	\$ 0.25	\$ 1,065,001.27

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

**TOWNSHIP OF HARRISON SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 for the Fiscal Year Ended June 30, 2013**

Total net change in fund balances - governmental funds (from B-2)	\$	(53,931.29)
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p style="padding-left: 40px;">Capital outlays are reported in the governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current fiscal year.</p>		
Depreciation expense	\$ (815,923.00)	
Capital outlay	<u>85,144.00</u>	(730,779.00)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities.</p>		
		1,100,000.00
<p>Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities.</p>		
		145,500.00
<p>In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.</p>		
		14,452.92
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		<u>50,141.51</u>
Change in net position of governmental activities	\$	<u>525,384.14</u>

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-type Activities Enterprise Funds
	2013
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 21,789.59
Accounts receivable	3,659.53
Inventories	18,898.41
Total current assets	44,347.53
Noncurrent assets:	
Equipment	293,143.00
Less accumulated depreciation	(251,455.00)
Total noncurrent assets	41,688.00
Total assets	\$ 86,035.53
 LIABILITIES:	
Current liabilities:	
Accounts payable	\$ 400.00
Unearned revenue	11,191.87
Total liabilities	11,591.87
 NET POSITION:	
Net investment in capital assets	41,688.00
Unrestricted	32,755.66
Total net position	\$ 74,443.66

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Assets Position
Proprietary Funds
for the Fiscal Year Ended June 30, 2013

	Business-type Activities <u>Enterprise Funds</u>
	2013
Operating revenues:	
Charges for services:	
Daily sales-reimbursable programs	\$ 161,223.45
Daily sales-non-reimbursable programs	102,524.18
Miscellaneous	6,209.90
Total operating revenue	269,957.53
Operating expenses:	
Salaries	126,302.49
Benefits	24,655.30
Supplies and materials	8,864.93
Depreciation	12,043.00
Management fee	16,472.44
Direct expenses	9,947.50
Repairs and maintenance	10,429.05
Cost of sales	175,346.04
Miscellaneous	1,298.75
Total operating expenses	385,359.50
Operating income (loss)	(115,401.97)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	3,971.28
Federal sources:	
National school lunch program	70,926.50
U.S.D.A. commodities	27,281.07
Total nonoperating revenues (expenses)	102,178.85
Change in net position	(13,223.12)
Total net position - July 1	87,666.78
Total net position - June 30	\$ 74,443.66

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
for the Fiscal Year Ended June 30, 2013

	<u>Business-type Activities Enterprise Funds</u>
	<u>2013</u>
Cash flows from operating activities:	
Receipts from customers	\$ 269,927.37
Payments to employees	(150,957.79)
Payments to suppliers	(193,848.53)
Net cash used for operating activities	<u>(74,878.95)</u>
Cash flows from noncapital financing activities:	
State sources	3,936.46
Federal sources	69,933.69
Net cash provided by non-capital financing activities	<u>73,870.15</u>
Cash flows from capital activities:	
Purchases of fixed assets	<u> </u>
Cash flows from investing activities:	
Interest and dividends	<u> </u>
Net cash provided by investing activities	<u> </u>
Net increase in cash and cash equivalents	(1,008.80)
Balances - July 1	<u>22,798.39</u>
Balances - June 30	<u>\$ 21,789.59</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (115,401.97)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	12,043.00
Federal commodities	27,281.07
(Increase) decrease in accounts receivable	
(Increase) decrease in inventories	3,129.11
Increase (decrease) in accounts payable	(1,900.00)
Increase (decrease) in unearned revenue	(30.16)
Total adjustments	<u>40,523.02</u>
Net cash provided by (used for) operating activities	<u>\$ (74,878.95)</u>

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	<u>Unemployment Compensation</u>	<u>Flexible Spending Account</u>	<u>Agency Funds</u>
ASSETS:			
Cash and cash equivalents	\$ 86,674.48	\$ 7,827.62	\$ 67,081.12
Accounts Receivable			
	<u>86,674.48</u>	<u>7,827.62</u>	<u>67,081.12</u>
Total assets			
	<u>86,674.48</u>	<u>7,827.62</u>	<u>67,081.12</u>
 LIABILITIES:			
Payroll deductions and withholdings	\$ 7,846.87		\$ 19,753.22
Due to student groups			47,327.90
Interfund payable		<u>\$ 6,000.45</u>	
Total liabilities	<u>\$ 7,846.87</u>	<u>\$ 6,000.45</u>	<u>\$ 67,081.12</u>
 Net Position:			
Held in trust for unemployment claims	<u>\$ 78,827.61</u>		
Held in trust for claims		<u>\$ 1,827.17</u>	

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2013

	Unemployment Compensation Trust	Flexible Spending Account
	<u> </u>	<u> </u>
ADDITIONS:		
Board contributions	\$ 10,000.00	
Employee contributions	29,775.92	\$ 16,025.00
Interest on Investments	290.53	
Net contributions	<u>40,066.45</u>	<u>16,025.00</u>
DEDUCTIONS:		
Flexible Spending Account Claims		14,197.83
Unemployment Claims	43,047.88	
Total deductions	<u>43,047.88</u>	<u>14,197.83</u>
Change in net position	(2,981.43)	1,827.17
Net position - July 1	<u>81,809.04</u>	<u> </u>
Net position - June 30	<u>\$ 78,827.61</u>	<u>\$ 1,827.17</u>

Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Harrison School District (District) is a Type II school district located in Gloucester County, New Jersey and covers an area of approximately 20 miles. As a Type II school district, it functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the District is to provide educational services for all of the Township of Harrison's students in grades K through 6. The Township of Harrison School District has an approximate enrollment at June 30, 2013 of 1,442 students.

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

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

Basis of Presentation

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

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

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

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The School District's enterprise funds are:

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

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

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

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

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

Measurement Focus

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

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

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e. revenues) and decreases (i.e. expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

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

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

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

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

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

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

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

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

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

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

N.J.S.A. 17:9-41 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 Governmental Unit Deposit Protection Act (GUDPA), a multiple financial institution collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or Federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

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

Tuition Payable - Tuition charges for the fiscal years ended June 30, 2013 and 2012 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

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

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

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Prepaid Expenses - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2013.

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

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

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

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

Depreciation is computed using the straight-line method over the following useful lives:

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

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

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

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

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts. The School District had no nonspendable fund balance at June 30, 2013.

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

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

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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

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

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

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

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

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

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

New Accounting Standards Adopted - During the fiscal year ended June 30, 2013, the School District adopted the following new accounting standards issued by the Government Accounting Standards Board (GASB):

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position

This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. This Statement also identifies net position as the residual of all other elements presented in a statement of financial position and amends the net asset reporting requirements in Statement No. 34, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by naming that measure as net position, rather than net assets.

This statement only impacted financial terminology as opposed to financial statement reporting for the fiscal year ended June 30, 2013.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities

This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as limiting the use of the term deferred in financial statement presentations.

Implementation of this statement affected the financial statements as noted in Note 20.

2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District’s deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School district in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings of funds that pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the School District’s amount on deposit of \$1,507,160 as of June 30, 2013, \$250,000 was insured under FDIC and the remaining balance of \$1,257,160 was collateralized under GUDPA.

3. CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Balance – July 1, 2012		\$	184,276
Increased by:			
Interest Earned	\$	694	
Transfer by Resolution	35,000		35,694
Balance – June 30, 2013		\$	219,970

The June 30, 2013 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted capital projects.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

4. ACCOUNTS RECEIVABLE

Receivables at June 30, 2013 consisted of tuition fees charged other governmental units and governmental grants. All receivables are considered collectible in full due to the stable condition of the other governmental units, State programs and the current fiscal year guarantee of federal funds.

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
State Aid	\$ 250,057	\$	\$ 197	\$ 250,254
Federal Aid		53,169	3,463	56,632
Tuition fees	14,404			14,404
Other				
Total	\$ 264,461	\$ 53,169	\$ 3,660	\$ 321,290

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance June 30, 2013</u>
Governmental Activities:				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 430,000			\$ 430,000
Construction in progress				
Total capital assets, not being Depreciated	430,000			430,000
<i>Capital Assets, being depreciated:</i>				
Site and Site Improvements	\$ 1,232,803			\$ 1,232,803
Building and Building Improvements	24,679,241			24,679,241
Equipment	2,770,169	\$ 95,444	\$ 103,000	2,762,613
Totals at historical cost	28,682,213	95,444	103,000	28,674,657
<i>Less Accumulated Depreciation:</i>				
Site and Site Improvements	(871,349)	(69,154)		(940,503)
Building and Building Improvements	(9,087,552)	(586,451)		(9,674,003)
Equipment	(2,172,224)	(160,318)	92,700	(2,239,842)
Totals accumulated depreciation	(12,131,125)	(815,923)	92,700	(12,854,348)
Total Capital Assets, being depreciated, net	16,551,088	(720,479)	10,300	15,820,309
Governmental Activities Capital Assets, Net	\$ 16,981,088	\$ (720,479)	\$ 10,300	\$ 16,250,309
Business-Type Activities:				
<i>Capital Assets, being depreciated:</i>				
Equipment	\$ 293,143			\$ 293,143
Less accumulated depreciation	(239,412)	\$ (12,043)		(251,455)
Business-Type Activities Capital Assets, Net	\$ 53,731	\$ (12,043)	\$ ---	\$ 41,688

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

5. CAPITAL ASSETS (Continued)

Depreciation expense in the amount of \$815,923 was charged to governmental functions as follows:

Function	Amount
Instruction	\$ 571,146
General Administration	81,592
Plant Operations and Maintenance	122,388
Unallocated	40,797
Total	\$ 815,923

6. INVENTORY

Inventory in the Food Service Fund at June 30, 2013 consisted of the following:

Food	\$ 15,312
Supplies	3,586
	\$ 18,898

7. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2013, the following changes occurred in long-term obligations:

<u>Governmental Activities:</u>	<u>Principal Outstanding July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2013</u>	<u>Amounts Due Within One Year</u>
Serial Bonds Payable	\$ 9,225,000		\$ 1,100,000	\$ 8,125,000	\$ 1,115,000
Capital Leases Payable	145,500		145,500		
Compensated Absences	367,746		50,141	317,605	
Total Governmental Activity	\$ 9,738,246	-	\$ 1,295,641	\$ 8,442,605	\$ 1,115,000
<u>Business – Type Activities:</u>					
Compensated Absences	-	-	-	-	-

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

2002 Refunding Bonds dated November 1, 2002 in the amount of \$465,000 due in annual installments through November 1, 2014 bearing an interest rate of 3.85%.

2003 General Obligation Bonds dated February 1, 2003 in the amount of \$1,085,000 due in annual installments through February 1, 2018 bearing a variable interest rate ranging from 3.50% to 3.875%.

2006 Refunding Bonds dated November 1, 2006 in the amount of \$6,575,000 due in annual installments through March 1, 2024 bearing a variable interest rate ranging from 4.00% to 5.00%.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

7. LONG-TERM OBLIGATIONS (Continued)

Debt Service Requirements

Principal and interest due on bonds outstanding is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,115,000	\$ 321,289	\$ 1,436,289
2015	715,000	287,387	1,002,387
2016	740,000	254,325	994,325
2017	770,000	221,375	991,375
2018	790,000	221,375	991,375
2019-2023	3,290,000	682,725	4,042,725
2024	<u>705,000</u>	<u>85,200</u>	<u>1,510,200</u>
	<u>\$ 8,125,000</u>	<u>\$ 2,215,411</u>	<u>\$ 11,440,411</u>

As of June 30, 2013 the District had no authorized but not issued bonds.

Compensated Absences

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

Long-Term Debt Defeasance

On November 1, 2003 the District issued refunding bonds in the amount of \$4,465,000. The bonds, which were approved by the New Jersey Local Finance Board, were issued to refund \$2,684,000 of its 1994 Issue and to pay the costs of issuing the bonds. The bonds bear an interest rate of 1.60% to 3.85% with principal maturities from March 2003 through March 2013.

As a result of the above transaction, the 1993 debt is considered to be defeased and the liability for this debt has been removed from the records. The refunding program decreased total debt service by \$305,746 and resulted in a present value economic savings of \$259,031. The economic savings is the difference between the present values of the debt service payments on the old and new debt.

On November 15, 2006 the District issued refunding bonds in the amount of \$8,300,000. The bonds, which were approved by the New Jersey Local Finance Board, were issued to refund \$8,098,000 of its 1999 Issue and to pay the costs of issuing the bonds. The bonds bear an interest rate of 4.00% to 5.00% with principal maturities from March 2013 through March 2024.

As a result of the above transaction, the 1999 debt is considered to be defeased and the liability for this debt has been removed from the records. The refunding program decreased total debt service by \$478,049 and resulted in a present value economic savings of \$347,271. The economic savings is the difference between the present values of the debt service payments on the old and new debt.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

8. OPERATING LEASES

At June 30, 2013, the District had operating lease agreements in effect for copiers.

Total operating lease payments made during the year ended June 30, 2013, and 2012 were \$71,921 and \$67,714 respectively. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2014	\$ 49,112
June 30, 2015	36,460
June 30, 2016	20,498
June 30, 2017	6,637
Total future minimum lease payments	<u>\$ 112,707</u>

9. PENSION PLANS

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

Teachers' Pension and Annuity Fund (TPAF)

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. Chapter 78 P.L. 2011 changed the employee contribution rate as follows: Effective with the first payroll check to be paid on or after October 1, 2011 plan members rate will increase to 6.5% with an additional increase of .14% beginning in July 2013 and continuing each year until the rate reaches 7.5% in July 2018. 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.

Teachers' Pension and Annuity Fund (TPAF)

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.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

Public Employees' Retirement System (PERS) (Continued)

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. Chapter 78 P.L. 2011 changed the employee contribution rate as follows: Effective with the first payroll check to be paid on or after October 1, 2011 plan members rate will increase to 6.5% with an additional increase of .14% beginning in July 2013 and continuing each year until the rate reaches 7.5% in July 2018. 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, equal to the required contribution for each fiscal year, were as follows:

Public Employees Retirement System

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Non-Contr. Life Ins.</u>	<u>Total Liability</u>	<u>Paid by District</u>
2013	\$ 65,379	\$ 156,323	\$ 13,195	\$ 234,897	\$ 234,897
2012	75,436	150,871	14,419	240,726	240,726
2011	84,468	134,594	16,638	235,700	235,700

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. Chapter 78 P.L. 2011 changed the employee contribution rate as follows: Effective with the first payroll check to be paid on or after October 1, 2011 plan members rate will increase to 6.5% with an additional increase of .14% beginning in July 2013 and continuing each year until the rate reaches 7.5% in July 2018. 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, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. The employee contributions along with the School District's contribution for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

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

<u>Year</u>	<u>Employer Liability</u>	<u>Paid by School District</u>
2013	\$ 10,739	\$ 10,739
2012	8,315	8,315
2011	3,960	3,960

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

10. POST-RETIREMENT BENEFITS

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

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2012 there were 97,661 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 Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in fiscal year 2012.

The State establishes the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contribution to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the year ended June 30, 2013 was \$504,439, which equaled the required contributions. The State's contribution to the SHBP Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

11. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2013, the School District has recognized as revenues and expenditures \$250,933 of on-behalf payments made by the State of New Jersey for normal retirement costs related to TPAF and \$578,124 for employer's share of social security contributions for TPAF members, as calculated on their base salaries.

12. RISK MANAGEMENT

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

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

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

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

12. RISK MANAGEMENT (Continued)

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012-2013	\$ 10,000	\$ 29,776	\$ 291	\$ 44,048	\$ 78,828
2011-2012		29,175	898	44,729	81,809
2010-2011		28,600	611	32,090	96,465
2009-2010	57,500	30,021		20,276	99,344
2008-2009		28,841		11,375	32,099

13. DEFERRED COMPENSATION

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

14. COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2013, the liability for compensated absences in the governmental fund was \$317,605.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

15. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various balance sheets as of June 30, 2013:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 11,174	
Special Revenue		\$ 5,173
Fiduciary		6,001
	\$ 11,174	\$ 11,174

All interfund balances are expected to be paid or received within the subsequent year.

16. CONTINGENCIES

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

At June 30, 2013, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District. Additionally, unearned revenues are recognized in those funds that have received grant monies in advance of future, reimbursable expenditures.

17. DEFICIT UNASSIGNED FUND BALANCE

The School District has a deficit unassigned fund balance of \$138,903 in the General Fund as of June 30, 2013 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenues, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$138,903 is equal to or less than the June state aid payment.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

18. DEFICIT UNRESTRICTED NET POSITION

As of June 30, 2013, a deficit of \$569,958 existed in the Unrestricted Net position of the Governmental Activities. A reconciliation of Unreserved Fund Balance reported on Exhibit B-1 to Unrestricted Net position reported on Exhibited A-1 as follows:

Balances June 30, 2013	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds):	
Fund Balance - Unassigned	\$ (138,903)
Liabilities:	
Accrued Interest Payable	(113,450)
Compensated Absences	<u>(317,605)</u>
 Unrestricted Net position (Deficit)	 \$ <u>(569,958)</u>

19. FUND BALANCES

RESTRICTED

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

General Fund:

Excess Surplus – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund, fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2013 is \$311,881 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$320,549 of excess fund balance generated during the 2011-2012 fiscal year has been restricted and designated for utilization in the 2013-2014 budget.

Capital Reserve – As of June 30, 2013, the balance in the capital reserve account is \$219,970 and is restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan.

Maintenance Reserve Account – As of June 30, 2013, the balance in the maintenance reserve account is \$152,313. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

Debt Service Fund – As of June 30, 2013, the restricted fund balance amount was -0-.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2013**

19. FUND BALANCES (Continued)

ASSIGNED

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

General Fund:

Other Purposes – At June 30, 2013 the School District has \$19,740 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

Designated for Subsequent Year's Expenditures – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2014, \$179,451 of general fund balance at June 30, 2013.

UNASSIGNED

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

General Fund – As of June 30, 2013, the fund balance of the general fund was a deficit of \$138,903, thus resulting in the fund balance classification of unassigned. The deficit is a result of the delay in the recording of the payment of state aid until the following fiscal year (See Note 17).

20. RESTATEMENT OF NET POSITION

As a result of the implementation of *GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*, net position as of June 30, 2012 has been restated as follows:

Net Position, June 30, 2012	\$	8,334,705
Expense of Bond Issuance Costs (1)		<u>(100,833)</u>
Net Position, June 30, 2012 (Restated)	\$	<u>8,233,872</u>

(1) Formerly reported as a deferred asset and amortized over the life of the related debt.

Required Supplementary Information - Part II

Budgetary Comparison Schedules

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 10,547,712.00		\$ 10,547,712.00	\$ 10,547,712.00	\$ -
Tuition - Individuals	-		-	21,640.00	21,640.00
Tuition - Other LEA's	170,220.00		170,220.00	272,453.60	102,233.60
Transportation Fees	80,000.00		80,000.00	67,125.00	(12,875.00)
Interest Earned on Capital Reserve Funds	50.00		50.00	694.01	644.01
Interest Earned on Maintenance Reserve Funds				166.24	166.24
Miscellaneous	60,000.00		60,000.00	35,323.15	(24,676.85)
Total - Local Sources	10,857,982.00	-	10,857,982.00	10,945,114.00	87,132.00
State Sources:					
Equalization Aid	5,018,667.00		5,018,667.00	5,018,667.00	-
Transportation Aid	171,289.00		171,289.00	171,289.00	-
Special Education Aid	779,891.00		779,891.00	779,891.00	-
Security Aid	104,920.00		104,920.00	104,920.00	-
Extraordinary Aid	121,593.00		121,593.00	210,867.00	89,274.00
Nonpublic School Transportation Costs - Other State Aid				10,596.37	10,596.37
On-Behalf TPAF Pension Contributions (non-budgeted)	-		-	530,165.00	530,165.00
On-Behalf TPAF Post Retirement Medical (non-budgeted)				599,482.00	599,482.00
Reimbursed TPAF Social Security Contrib.(non-budgeted)	-	-	-	581,036.76	581,036.76
Total - State Sources	6,196,360.00	-	6,196,360.00	8,006,914.13	1,810,554.13
Total Revenues	\$ 17,054,342.00	\$ -	\$ 17,054,342.00	\$ 18,952,028.13	\$ 1,897,686.13
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool/Kindergarten	\$ 359,065.00	\$ 7,900.00	\$ 366,965.00	\$ 365,241.81	\$ 1,723.19
Grades 1-5	3,942,800.00	(27,400.00)	3,915,400.00	3,900,242.72	15,157.28
Grades 6-8	831,500.00	(24,504.00)	806,996.00	801,604.78	5,391.22
Regular Programs - Home Instruction:					
Salaries of Teachers	6,000.00	(3,500.00)	2,500.00	1,723.89	776.11
Regular Programs - Undistributed Instruction:					
Purchased Educational Services	-		-	-	-
Purchased Technical Services	-		-	-	-
Other Purchased Services	1,000.00	-	1,000.00	482.66	517.34
Rentals	53,348.00	-	53,348.00	52,219.47	1,128.53
General Supplies	450,362.50	113,424.00	563,786.50	556,111.96	7,674.54
Textbooks	47,970.26	(18,303.74)	29,666.52	21,306.64	8,359.88
Other Objects	-	-	-	-	-
Total Regular Programs	5,692,045.76	47,616.26	5,739,662.02	5,698,933.93	40,728.09

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Special Education - Instruction:					
Behavioral Disabilities:					
Salaries of Teachers	-	-	-	-	-
Other Objects	-	-	-	-	-
Total Behavioral Disabilities	-	-	-	-	-
Special Education - Instruction (Cont'd):					
Multiple Disabilities:					
Salaries of Teachers	\$ 127,365.00	\$ (54,000.00)	\$ 73,365.00	\$ 71,865.00	\$ 1,500.00
Other Salaries for Instruction	139,008.00	(25,700.00)	113,308.00	110,834.20	2,473.80
Purchased Educational Services	120,468.00	(21,000.00)	99,468.00	75,098.50	24,369.50
General Supplies	3,200.00	-	3,200.00	1,480.72	1,719.28
Textbooks	1,900.00	-	1,900.00	204.95	1,695.05
Other Objects	-	-	-	-	-
Total Multiple Disabilities	391,941.00	(100,700.00)	291,241.00	259,483.37	31,757.63
Resource Room/Resource Center:					
Salaries of Teachers	697,789.00	46,500.00	744,289.00	740,657.50	3,631.50
Other Salaries for Instruction	184,000.00	(3,283.00)	180,717.00	177,966.02	2,750.98
Purchased Educational Services	5,900.00	10,000.00	15,900.00	12,508.98	3,391.02
General Supplies	4,400.00	(2,000.00)	2,400.00	396.40	2,003.60
Textbooks	2,500.00	-	2,500.00	214.99	2,285.01
Other Objects	2,400.00	-	2,400.00	616.00	1,784.00
Total Resource Room/Resource Center	896,989.00	51,217.00	948,206.00	932,359.89	15,846.11
Autism:					
Salaries of Teachers	172,235.00	(5,986.00)	166,249.00	164,540.00	1,709.00
Other Salaries for Instruction	169,404.00	5,200.00	174,604.00	174,442.51	161.49
Purchased Educational Services	12,915.00	100.00	13,015.00	10,690.10	2,324.90
General Supplies	3,050.00	600.00	3,650.00	3,598.77	51.23
Textbooks	2,100.00	(400.00)	1,700.00	1,653.60	46.40
Other Objects	-	-	-	-	-
Total Autism	359,704.00	(486.00)	359,218.00	354,924.98	4,293.02
Preschool Disabilities:					
Salaries of Teachers	102,114.00	(1,000.00)	101,114.00	100,048.59	1,065.41
Other Salaries for Instruction	39,500.00	1,000.00	40,500.00	39,856.18	643.82
Purchased Educational Services	400.00	150.00	550.00	537.25	12.75
General Supplies	2,400.00	(150.00)	2,250.00	1,637.85	612.15
Textbooks	-	-	-	-	-
Other Objects	-	-	-	-	-
Total Preschool Disabilities	144,414.00	-	144,414.00	142,079.87	2,334.13
Home Instruction:					
Salaries of Teachers	-	-	-	-	-
Other Salaries for Instruction	29,532.00	2,315.00	31,847.00	23,303.40	8,543.60
Purchased Educational Services	10,752.00	(1,315.00)	9,437.00	9,416.75	20.25
Total Home Instruction	40,284.00	1,000.00	41,284.00	32,720.15	8,563.85
Total Special Education - Instruction	1,833,332.00	(48,969.00)	1,784,363.00	1,721,568.26	62,794.74

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2013

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to <u>Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 489,090.00	\$ 5,000.00	\$ 494,090.00	\$ 479,843.56	\$ 14,246.44
Other Salaries for Instruction	254,500.00	(3,000.00)	251,500.00	251,199.77	300.23
General Supplies	1,500.00	(952.79)	547.21	547.21	-
Textbooks	2,400.00	(2,271.95)	128.05	128.05	-
Total Basic Skills/Remedial - Instruction	747,490.00	(1,224.74)	746,265.26	731,718.59	14,546.67
Bilingual - Instruction:					
Salaries of Teachers	30,000.00	(20,000.00)	10,000.00	8,169.99	1,830.01
General Supplies	200.00	9.00	209.00	209.00	-
Textbooks	250.00	(250.00)	-	-	-
Total Bilingual - Instruction	30,450.00	(20,241.00)	10,209.00	8,378.99	1,830.01
Other Supplemental/At-Risk Program:					
Salaries of Teachers	74,500.00	-	74,500.00	74,209.00	291.00
Total Instruction	8,377,817.76	(22,818.48)	8,354,999.28	8,234,808.77	120,190.51
Undistributed Expenditures - Instruction:					
Tuition - Other LEAs Within State - Regular	-	-	-	-	-
Tuition - Other LEAs Within State - Special	35,112.00	(3,912.00)	31,200.00	31,200.00	-
Tuition to CSSD & Regional Day Schools	243,525.00	(40,594.00)	202,931.00	163,602.50	39,328.50
Tuition to Private Schools for the Hand. - Within State	177,609.00	123,975.00	301,584.00	301,583.11	0.89
Tuition - Other	-	-	-	-	-
Total Undistributed Expenditures - Instruction	456,246.00	79,469.00	535,715.00	496,385.61	39,329.39
Undistributed Expenditures - Health Services:					
Salaries	152,000.00	(1,970.00)	150,030.00	149,792.44	237.56
Purchased Professional and Technical Services	8,400.00	4,881.00	13,281.00	13,173.18	107.82
Supplies and Materials	5,750.00	(246.00)	5,504.00	5,402.81	101.19
Total Undistributed Expenditures - Health Services	166,150.00	2,665.00	168,815.00	168,368.43	446.57
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	339,000.00	(54,000.00)	285,000.00	283,288.72	1,711.28
Purchased Professional - Educational Services	95,164.00	54,000.00	149,164.00	110,190.28	38,973.72
Supplies and Materials	23,740.00	-	23,740.00	21,998.87	1,741.13
Total Undistributed Expenditures - Other Support Services - Students - Related Services	457,904.00	-	457,904.00	415,477.87	42,426.13
Undistributed Expenditures - Other Support Services - Students - Regular:					
Salaries of Other Professional Staff	179,000.00	-	179,000.00	174,089.70	4,910.30
Purchased Professional - Educational Services	-	567.00	567.00	567.00	-
Supplies and Materials	1,050.00	(567.00)	483.00	482.22	0.78
Other Objects	-	-	-	-	-
Total Undistributed Expenditures - Other Support Services - Students - Regular	180,050.00	-	180,050.00	175,138.92	4,911.08

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Other Support Services -					
Students - Special:					
Salaries of Other Professional Staff	\$ 220,830.00		\$ 220,830.00	\$ 219,750.23	\$ 1,079.77
Salaries of Secretarial and Clerical Assistants	35,017.00		35,017.00	35,016.96	0.04
Other Salaries	6,000.00		6,000.00	4,509.12	1,490.88
Purchased Professional - Educational Services	16,405.00	\$ (1,020.00)	15,385.00	10,910.58	4,474.42
Miscellaneous Purchased Services	4,000.00	355.00	4,355.00	4,311.94	43.06
Supplies and Materials	3,600.00		3,600.00	2,115.05	1,484.95
Other Objects	-		-	-	-
Total Undistributed Expenditures - Other Support Services - Students - Special	285,852.00	(665.00)	285,187.00	276,613.88	8,573.12
Undistributed Expend. - Imp. of Instruction Services:					
Salaries of Supervisors of Instruction	108,769.00		108,769.00	108,768.96	0.04
Salaries of Secretarial and Clerical Assistants	31,458.00		31,458.00	31,216.05	241.95
Other Salaries	-		-	-	-
Other Purchased Services	2,600.00	(2,600.00)	-	-	-
Supplies and Materials	2,900.00	(2,350.00)	550.00	367.76	182.24
Miscellaneous Expenditures	2,500.00	(700.00)	1,800.00	1,798.00	2.00
Total Undistributed Expenditures - Improv. of Instr. Services	148,227.00	(5,650.00)	142,577.00	142,150.77	426.23
Undistributed Expenditures - Educational Media/Library:					
Purchased Professional - Educational Services	500.00		500.00	215.00	285.00
Supplies and Materials	22,000.00		22,000.00	21,765.36	234.64
Total Undistributed Expend. - Educational Media/Library	22,500.00	-	22,500.00	21,980.36	519.64
Undistributed Expenditures - Instructional Staff Training					
Salaries of Other Professional Staff	6,930.00	35,321.95	42,251.95	42,247.63	4.32
Purchased Professional - Educational Services	9,900.00	(3,937.00)	5,963.00	2,957.66	3,005.34
Other Purchased Services	9,000.00	(2,965.47)	6,034.53	4,450.94	1,583.59
Total Undistributed Expend. - Instructional Staff Training	25,830.00	28,419.48	54,249.48	49,656.23	4,593.25
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	188,918.00		188,918.00	188,778.18	139.82
Legal Services	40,000.00	17,400.00	57,400.00	35,684.92	21,715.08
Audit Fees	15,300.00		15,300.00	15,300.00	-
Architect/Engineer Services	6,000.00		6,000.00	5,633.94	366.06
Other Purchased Professional Services	22,500.00		22,500.00	22,395.00	105.00
Communications/Telephone	43,507.70	2,600.00	46,107.70	40,113.58	5,994.12
BOE Other Purchased Services	2,700.00		2,700.00	710.90	1,989.10
Other Purchased Services	9,800.00		9,800.00	9,716.62	83.38
Supplies and Materials	6,200.00		6,200.00	2,573.58	3,626.42
Miscellaneous Expenditures	3,450.00		3,450.00	2,059.00	1,391.00
BOE Membership Dues and Fees	8,000.00		8,000.00	6,855.59	1,144.41
Total Undistributed Expend. - Support Services - Gen. Admin.	346,375.70	20,000.00	366,375.70	329,821.31	36,554.39
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals	412,765.00	(1,000.00)	411,765.00	410,541.40	1,223.60
Salaries of Secretarial and Clerical Assistants	135,862.00	1,000.00	136,862.00	136,247.46	614.54
Purchased Professional and Technical Services	5,100.00	10,067.50	15,167.50	14,456.53	710.97
Other Purchased Services	10,418.00	(200.00)	10,218.00	8,898.16	1,319.84
Supplies and Materials	12,219.98	4,500.00	16,719.98	15,056.86	1,663.12
Miscellaneous Expenditures	19,540.00		19,540.00	8,646.21	10,893.79
Total Undistributed Expend. - Support Serv. - School Admin.	595,904.98	14,367.50	610,272.48	593,846.62	16,425.86

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expend. - Central Services:					
Salaries	\$ 258,268.00		\$ 258,268.00	\$ 257,891.16	\$ 376.84
Purchased Professional Services	28,351.00		28,351.00	21,722.54	6,628.46
Other Purchased Services	4,560.00		4,560.00	2,211.00	2,349.00
Supplies and Materials	5,500.00	\$ 1,500.00	7,000.00	6,494.15	505.85
Interest on Lease Purchase Agreements	5,093.00		5,093.00	5,092.50	0.50
Miscellaneous Expenditures	6,000.00	(1,500.00)	4,500.00	3,060.80	1,439.20
Total Undistributed Expend. - Central Services	307,772.00	-	307,772.00	296,472.15	11,299.85
Undistributed Expend. - Administrative Information Technology:					
Salaries	114,177.00		114,177.00	108,864.62	5,312.38
Purchased Professional and Technical Services	4,000.00		4,000.00	1,030.17	2,969.83
Other Purchased Services	61,241.12	(12,000.00)	49,241.12	46,813.44	2,427.68
Supplies and Materials	27,500.00	22,000.00	49,500.00	49,248.80	251.20
Total Undistributed Expend. - Admin. Info. Technology	206,918.12	10,000.00	216,918.12	205,957.03	10,961.09
Undistributed Expenditures - Allowable Maintenance of Plant Services:					
Cleaning, Repair and Maintenance Services	164,289.53	10,135.00	174,424.53	167,824.93	6,599.60
General Supplies	55,777.89	(10,930.97)	44,846.92	44,737.43	109.49
Total Undistributed Expenditures - Allowable Maint. of Plant Services	220,067.42	(795.97)	219,271.45	212,562.36	6,709.09
Undistributed Expenditures - Other Operation and Maint. of Plant Services:					
Salaries	512,000.00	(4,135.00)	507,865.00	504,570.33	3,294.67
Salaries of Non-Instructional Aides	166,500.00	(5,867.50)	160,632.50	157,821.44	2,811.06
Cleaning, Repair and Maintenance Services	6,100.00		6,100.00	4,579.85	1,520.15
Other Purchased Property Services	36,200.00		36,200.00	29,554.01	6,645.99
Insurance	65,000.00		65,000.00	65,000.00	-
Miscellaneous Purchased Services	17,000.00	(6,000.00)	11,000.00	10,930.00	70.00
General Supplies	70,040.12	4,230.97	74,271.09	71,384.34	2,886.75
Natural Gas	140,000.00	(34,400.00)	105,600.00	87,909.93	17,690.07
Electricity	400,000.00	(84,520.00)	315,480.00	310,578.85	4,901.15
Other Objects	1,500.00	500.00	2,000.00	1,766.00	234.00
Total Undistributed Expenditures - Other Operation and Maint. of Plant Services	1,414,340.12	(130,191.53)	1,284,148.59	1,244,094.75	40,053.84
Undistributed Expenditures - Cure & Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	51,000.00	-	51,000.00	39,731.50	11,268.50
Undistributed Expenditures - Security					
Cleaning, Repair and Maintenance Services	17,000.00	-	17,000.00	16,389.80	610.20
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	130,000.00	1,100.00	131,100.00	131,078.71	21.29
Salaries for Pupil Transportation (Between Home and School) - Regular	528,200.00	(6,100.00)	522,100.00	518,023.58	4,076.42
Salaries for Pupil Transportation (Between Home and School) - Special	138,000.00	4,000.00	142,000.00	136,979.53	5,020.47
Other Professional and Technical Services	4,650.00	2,000.00	6,650.00	5,905.25	744.75
Cleaning, Repair and Maintenance Services	100,000.00	(9,250.00)	90,750.00	87,938.57	2,811.43
Contracted Serv. - (Between Home and School) - Joint Agreements	45,000.00	37,700.00	82,700.00	82,576.20	123.80
Aid In Lieu of Transportation	54,000.00	(17,250.00)	36,750.00	36,739.21	10.79
Contracted Serv. - (Sp. Ed. Students) - ESCs & CTAs	15,000.00	10,800.00	25,800.00	25,728.83	71.17
Miscellaneous Purchased Services - Transportation	31,300.00	(700.00)	30,600.00	29,034.20	1,565.80
Supplies and Materials	219,000.00	6,200.00	225,200.00	212,134.17	13,065.83
Miscellaneous Expenditures	3,300.00	700.00	4,000.00	3,359.94	640.06
Total Undistributed Expend. - Student Transportation Serv.	1,268,450.00	29,200.00	1,297,650.00	1,269,498.19	28,151.81

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Unallocated Benefits:					
Social Security Contributions	\$ 263,000.00	\$ 3,000.00	\$ 266,000.00	\$ 264,279.01	\$ 1,720.99
Other Retirement Contributions - Regular	272,000.00	(20,093.00)	251,907.00	250,302.94	1,604.06
Unemployment Compensation	10,000.00		10,000.00	10,000.00	-
Workmen's Compensation	130,000.00	4,093.00	134,093.00	134,081.14	11.86
Health Benefits	2,247,500.00	(168,800.00)	2,078,700.00	2,008,371.19	70,328.81
Tuition Reimbursement	24,000.00	(1,000.00)	23,000.00	22,542.94	457.06
Other Employee Benefits		158,800.00	158,800.00	158,800.00	-
Total Unallocated Benefits	2,946,500.00	(24,000.00)	2,922,500.00	2,848,377.22	74,122.78
On-behalf TPAF Pension Contributions (non-budgeted)				530,165.00	(530,165.00)
On-Behalf TPAF Post Retirement Medical (non-budgeted)				599,482.00	(599,482.00)
Reimbursed TPAF Social Security Contrib. (non-budgeted)		-		581,036.76	(581,036.76)
Total On-behalf Contributions	-	-	-	1,710,683.76	(1,710,683.76)
Total Undistributed Expenditures	\$ 9,117,087.34	\$ 22,818.48	\$ 9,139,905.82	\$ 10,513,206.76	\$ (1,373,300.94)
Total Current Expense	\$ 17,494,905.10	\$ -	\$ 17,494,905.10	\$ 18,748,015.53	\$ (1,253,110.43)
Capital Outlay:					
Undistributed Expenditures - Instruction:					
Equipment	\$ -	\$ 7,300.00	\$ 7,300.00	\$ 7,212.89	\$ 87.11
Undistributed Expenditures - Student Transportation Services:					
School Buses - Regular	-		-	-	-
School Buses - Special	60,000.00	(7,300.00)	52,700.00	42,290.00	10,410.00
Facilities Acquisition and Construction Services:					
Lease Purchase Principal	145,500.00		145,500.00	145,500.00	-
Other Objects	22,681.00		22,681.00	22,681.00	-
Total Capital Outlay	\$ 228,181.00	\$ -	\$ 228,181.00	\$ 217,683.89	\$ 10,497.11
Total Expenditures	\$ 17,723,086.10	\$ -	\$ 17,723,086.10	\$ 18,965,699.42	\$ (1,242,613.32)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(668,744.10)	-	(668,744.10)	(13,671.29)	655,072.81
Other Financing Sources (Uses):					
Capital Leases (non-budgeted)				-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (668,744.10)	\$ -	\$ (668,744.10)	\$ (13,671.29)	\$ 655,072.81
Fund Balances, July 1	1,662,546.31		1,662,546.31	1,662,546.31	
Fund Balances, June 30	\$ 993,802.21	\$ -	\$ 993,802.21	\$ 1,648,875.02	\$ 655,072.81
Recapitulation					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 320,549.42	
Reserve for Excess Surplus				311,880.73	
Capital Reserve				219,970.21	
Maintenance Reserve				152,313.14	
Assigned Fund Balance:					
Year-End Encumbrances				19,740.26	
Designated for Subsequent Year's Expenditures				179,450.58	
Unassigned Fund Balance				444,970.68	
				\$ 1,648,875.02	
Last State Aid Payment not Recognized on a GAAP Basis				(583,874.00)	
Fund Balance per Governmental Funds (GAAP)				\$ 1,065,001.02	

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State sources	\$ 98,919.00		\$ 98,919.00	\$ 55,391.11	\$ (43,527.89)
Federal sources	486,394.85		486,394.85	433,243.13	(53,151.72)
Total revenues	585,313.85	-	585,313.85	488,634.24	(96,679.61)
EXPENDITURES:					
Instruction:					
Salaries of teachers	19,560.00		19,560.00	19,009.50	550.50
Other salaries for instruction	-		-	-	-
Purchased professional - educ. services	-		-	-	-
Purchased professional - tech. services	-		-	-	-
Tuition	298,575.00		298,575.00	298,575.00	-
General supplies	173.45		173.45	173.45	-
Textbooks	-		-	-	-
Total instruction	318,308.45	-	318,308.45	317,757.95	550.50
Support services:					
Other salaries	101,827.25		101,827.25	59,236.30	42,590.95
Personal services - employee benefits	11,606.15		11,606.15	8,271.15	3,335.00
Purchased professional - educ. services	142,034.00		142,034.00	91,888.52	50,145.48
Purchased professional and technical services	13.00		13.00	13.00	-
Purchased property services	-		-	-	-
Travel	-		-	-	-
Other purchased services	-		-	-	-
Supplies and materials	11,525.00		11,525.00	11,467.32	57.68
Other objects	-		-	-	-
Total support services	267,005.40	-	267,005.40	170,876.29	96,129.11
Facilities acquisition and construction services:					
Instructional equipment	-		-	-	-
Noninstructional equipment	-		-	-	-
Total facilities acq. and const. services	-	-	-	-	-
Total expenditures	585,313.85	-	585,313.85	488,634.24	96,679.61
Total outflows	585,313.85	-	585,313.85	488,634.24	96,679.61
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	-	-	-

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

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 18,952,028.13	\$ 488,634.24
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		(3,430.94)
Prior Year		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	543,615.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(583,874.00)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 18,911,769.13	\$ 485,203.30
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 18,965,699.42	\$ 488,634.24
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year		(3,430.94)
Prior Year		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 18,965,699.42	\$ 485,203.30

Other Supplementary Information

Special Revenue Fund

TOWNSHIP OF HARRISON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2013
(With comparative totals for June 30, 2012)

	Brought Forward (Exh. E-1B)	Brought Forward (Exh. E-1C)	Brought Forward (Exh. E-1D)	Total 2013
REVENUES:				
State sources	\$ 49,118.79	\$ -	\$ 6,272.32	\$ 55,391.11
Federal sources	-	94,251.10	338,992.03	433,243.13
Total Revenues	49,118.79	94,251.10	345,264.35	488,634.24
EXPENDITURES:				
Instruction:				
Salaries of teachers	-	19,009.50	-	19,009.50
Other salaries for instruction	-	-	-	-
Professional education services	-	-	-	-
Purchase professional and technical services	-	-	-	-
Tuition	-	-	298,575.00	298,575.00
General supplies	-	173.45	-	173.45
Textbooks	-	-	-	-
Total instruction	-	19,182.95	298,575.00	317,757.95
Support services:				
Other salaries	-	59,236.30	-	59,236.30
Personal services-employee benefits	-	8,271.15	-	8,271.15
Purchased prof. and educational services	49,118.79	7,547.70	35,222.03	91,888.52
Purchase professional and technical services	-	13.00	-	13.00
Purchased technical services	-	-	-	-
Purchased property services	-	-	-	-
Travel	-	-	-	-
Other purchased services (400-500)	-	-	-	-
Supplies and materials	-	-	11,467.32	11,467.32
Other objects	-	-	-	-
Total support services	49,118.79	75,068.15	46,689.35	170,876.29
Facilities acquisition and const. serv.:				
Instructional equipment	-	-	-	-
Non-instructional equipment	-	-	-	-
Total facilities acquisition and const. serv.:	-	-	-	-
Total Expenditures	49,118.79	94,251.10	345,264.35	488,634.24
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	-	-

TOWNSHIP OF HARRISON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2013

	Chapter 192 - Auxiliary Services			Chapter 193 - Handicapped Services			Nonpublic Nursing	Nonpublic Technology	Nonpublic Textbook	Carried Forward (Ex. E-1A)
	Comp Education	E.S.L.	Transportation	Corrective Speech	Suppl. Instruction	Exam & Classification				
REVENUES:										
State sources	\$ 11,202.40	\$ 767.34	\$ 3,434.76	\$ 9,374.40	\$ 3,885.28	\$ 5,257.14	\$ 8,654.00	\$ 2,281.05	\$ 4,262.42	\$ 49,118.79
Federal sources										-
Total Revenues	11,202.40	767.34	3,434.76	9,374.40	3,885.28	5,257.14	8,654.00	2,281.05	4,262.42	49,118.79
EXPENDITURES:										
Instruction:										
Salaries of teachers										-
Other salaries for instruction										-
Professional education services										-
Purchase professional and technical services										-
Tuition										-
General supplies										-
Textbooks										-
Total instruction	-	-	-	-	-	-	-	-	-	-
Support services:										
Personal services-employee benefits										-
Purchased prof. and educational services	11,202.40	767.34	3,434.76	9,374.40	3,885.28	5,257.14	8,654.00	2,281.05	4,262.42	49,118.79
Purchase professional and technical services										-
Purchased technical services										-
Purchased property services										-
Travel										-
Other purchased services (400-500)										-
Supplies and materials										-
Total support services	11,202.40	767.34	3,434.76	9,374.40	3,885.28	5,257.14	8,654.00	2,281.05	4,262.42	49,118.79
Facilities acquisition and const. serv.:										
Instructional equipment										-
Non-instructional equipment										-
Total facilities acquisition and const. serv.:	-	-	-	-	-	-	-	-	-	-
Total Expenditures	11,202.40	767.34	3,434.76	9,374.40	3,885.28	5,257.14	8,654.00	2,281.05	4,262.42	49,118.79
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	-	-	-	-	-	-	-	-

TOWNSHIP OF HARRISON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2013

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

	Title I Current Yr.	Title I Prior Yr.	Title II A Current Yr.	Title II A Prior Yr.	Title III Prior Yr.	Title III Current Yr.	Title III Prior Yr.	Totals
REVENUES:								
State sources								\$ -
Federal sources	\$ 19,044.55	\$ 42,322.93	\$ 29,143.70	\$ 528.00	\$ 126.00	\$ 3,085.92	\$ -	94,251.10
Total Revenues	<u>19,044.55</u>	<u>42,322.93</u>	<u>29,143.70</u>	<u>528.00</u>	<u>126.00</u>	<u>3,085.92</u>	<u>-</u>	<u>94,251.10</u>
EXPENDITURES:								
Instruction:								
Salaries of teachers	467.50		18,437.00		105.00			19,009.50
Other salaries for instruction								-
Professional education services								-
Purchase professional and technical services								-
Tuition								-
General supplies						173.45		173.45
Textbooks								-
Total instruction	<u>467.50</u>	<u>-</u>	<u>18,437.00</u>	<u>-</u>	<u>105.00</u>	<u>173.45</u>	<u>-</u>	<u>19,182.95</u>
Support services:								
Other salaries	17,257.05	39,310.50				2,668.75		59,236.30
Personal services-employee benefits	1,320.00	3,012.43	3,687.00		8.00	243.72		8,271.15
Purchased prof. and educational services			7,019.70	528.00				7,547.70
Purchase professional and technical services					13.00			13.00
Purchased technical services								-
Purchased property services								-
Travel								-
Other purchased services (400-500)								-
Supplies and materials								-
Other objects								-
Total support services	<u>18,577.05</u>	<u>42,322.93</u>	<u>10,706.70</u>	<u>528.00</u>	<u>21.00</u>	<u>2,912.47</u>	<u>-</u>	<u>75,068.15</u>
Facilities acquisition and const. serv.:								
Instructional equipment								-
Non-instructional equipment								-
Total facilities acquisition and const. serv.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>19,044.55</u>	<u>42,322.93</u>	<u>29,143.70</u>	<u>528.00</u>	<u>126.00</u>	<u>3,085.92</u>	<u>-</u>	<u>94,251.10</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOWNSHIP OF HARRISON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2013

	IDEA						Totals
	Race to The Top	Disability Rights - NJ	Basic	Basic	Preschool	Preschool	
			Current Yr.	Prior Yr.	Current Yr.	Prior Yr.	
REVENUES:							
State sources		\$ 6,272.32					\$ 6,272.32
Federal sources	\$ 5,195.00		\$ 295,295.00	\$ 9,316.03	\$ 29,186.00	\$ -	338,992.03
Total Revenues	<u>5,195.00</u>	<u>6,272.32</u>	<u>295,295.00</u>	<u>9,316.03</u>	<u>29,186.00</u>	<u>-</u>	<u>345,264.35</u>
EXPENDITURES:							
Instruction:							
Salaries of teachers							-
Other salaries for instruction							-
Professional education services							-
Purchase professional and technical services							-
Tuition			270,469.00		28,106.00		298,575.00
General supplies							-
Textbooks							-
Total instruction	<u>-</u>	<u>-</u>	<u>270,469.00</u>	<u>-</u>	<u>28,106.00</u>	<u>-</u>	<u>298,575.00</u>
Support services:							
Other salaries							-
Personal services-employee benefits							-
Purchased prof. and educational services			24,826.00	9,316.03	1,080.00		35,222.03
Purchase professional and technical services							-
Purchased technical services							-
Purchased property services							-
Travel							-
Other purchased services (400-500)							-
Supplies and materials	5,195.00	6,272.32					11,467.32
Total support services	<u>5,195.00</u>	<u>6,272.32</u>	<u>24,826.00</u>	<u>9,316.03</u>	<u>1,080.00</u>	<u>-</u>	<u>46,689.35</u>
Facilities acquisition and const. serv.:							
Instructional equipment							-
Non-instructional equipment							-
Total facilities acquisition and const. serv.:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>5,195.00</u>	<u>6,272.32</u>	<u>295,295.00</u>	<u>9,316.03</u>	<u>29,186.00</u>	<u>-</u>	<u>345,264.35</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Proprietary Funds

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Enterprise Funds
Statement of Net Position
as of June 30, 2013

	2013
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 21,789.59
Accounts receivable:	
State	197.00
Federal	3,462.53
Other	
Inventories	18,898.41
Total current assets	44,347.53
Fixed assets:	
Equipment	293,143.00
Less Accumulated depreciation	(251,455.00)
Total fixed assets	41,688.00
Total assets	\$ 86,035.53
 LIABILITIES	
Current liabilities:	
Accounts payable	\$ 400.00
Unearned revenue	11,191.87
Total current liabilities	11,591.87
 NET POSITION	
Net investment in capital assets	41,688.00
Unrestricted	32,755.66
Total net position	\$ 74,443.66

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Enterprise Funds
Statement of Revenues, Expenses and Changes in Fund Net Assets
for the Fiscal Year ended June 30, 2013

	2013
OPERATING REVENUES:	
Local sources:	
Daily sales-reimbursable programs:	
School lunch program	\$ 161,223.45
Total-daily sales-reimbursable programs	161,223.45
Daily sales non-reimbursable programs:	
Adult and AlaCarte meals	102,524.18
Miscellaneous	6,209.90
Total operating revenue	269,957.53
OPERATING EXPENSES:	
Salaries	126,302.49
Benefits	24,655.30
Supplies and materials	8,864.93
Depreciation	12,043.00
Management fee	16,472.44
Direct expenses	9,947.50
Repairs and maintenance	10,429.05
Cost of sales	175,346.04
Miscellaneous	1,298.75
Total operating expenses	385,359.50
Operating income (loss)	(115,401.97)
Non-operating revenues:	
State sources:	
State school lunch program	3,971.28
Federal sources:	
National school lunch program	70,926.50
U.S.D.A. commodities	27,281.07
Total non-operating revenues	102,178.85
Net income (loss)	(13,223.12)
Net position - July 1	87,666.78
Net position - June 30	\$ 74,443.66

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Enterprise Funds
Statement of Cash Flows
for the Fiscal Year ended June 30, 2013

	2013
Cash flows from operating activities:	
Cash receipts from customers	\$ 269,927.37
Cash payments to employees for services	(150,957.79)
Cash payments to suppliers for goods and services	(193,848.53)
Net cash used by operating activities	(74,878.95)
Cash flows from noncapital financing activities:	
Cash received from state and federal reimbursements	73,870.15
Net cash provided by noncapital financing activities	73,870.15
Cash flows from capital financing activities:	
Purchases of fixed assets	_____
Net cash used by capital financing activities	_____
Cash flows from investing activities:	
Interest on investments	_____
Net cash provided by investing activities	_____
Net increase (decrease) in cash and cash equivalents	(1,008.80)
Cash and cash equivalents, July 1	22,798.39
Cash and cash equivalents, June 30	\$ 21,789.59
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (115,401.97)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:	
Depreciation	12,043.00
Federal commodities	27,281.07
Change in assets and liabilities:	
(Increase)/decrease in accounts receivable	3,129.11
(Increase)/decrease in inventory	(1,900.00)
Increase/(decrease) in accounts payable	(30.16)
Increase/(decrease) in unearned revenue	_____
Net cash used by operating activities	\$ (74,878.95)

Fiduciary Funds

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Net Position
June 30, 2013

	<u>Agency</u>		<u>Trust Funds</u>		<u>Total</u>
	<u>Student Activity</u>	<u>Payroll</u>	<u>Unemployment Compensation Insurance</u>	<u>Flexible Spending Account</u>	
ASSETS:					
Cash and Cash Equivalents	\$ 47,327.90	\$ 19,753.22	\$ 86,674.48	\$ 7,827.62	\$ 161,583.22
Accounts Receivable	-	-	-	-	-
Total Assets	<u>\$ 47,327.90</u>	<u>\$ 19,753.22</u>	<u>\$ 86,674.48</u>	<u>\$ 7,827.62</u>	<u>\$ 161,583.22</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Payroll Deductions and Withholdings		\$ 19,753.22	\$ 7,846.87	\$ -	\$ 27,600.09
Interfund Payable		-	-	6,000.45	6,000.45
Due to Student Groups	\$ 47,327.90	-	-	-	47,327.90
Total Liabilities	<u>47,327.90</u>	<u>19,753.22</u>	<u>7,846.87</u>	<u>6,000.45</u>	<u>80,928.44</u>
Fund Balances:					
Unreserved	-	-	78,827.61	1,827.17	80,654.78
Total Fund Balances	<u>-</u>	<u>-</u>	<u>78,827.61</u>	<u>1,827.17</u>	<u>80,654.78</u>
Total Liabilities and Fund Balances	<u>\$ 47,327.90</u>	<u>\$ 19,753.22</u>	<u>\$ 86,674.48</u>	<u>\$ 7,827.62</u>	<u>\$ 161,583.22</u>

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Fiduciary Fund
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2013

	<u>Trust Funds</u>		<u>Total</u>
	<u>Unemployment Compensation Insurance</u>	<u>Flexible Spending Account</u>	
REVENUES:			
Local Sources:			
Board Contribution	\$ 10,000.00	\$ -	\$ 10,000.00
Interest on Investments	290.53	-	290.53
Employee Contributions	29,775.92	16,025.00	45,800.92
Total Revenues	<u>40,066.45</u>	<u>16,025.00</u>	<u>56,091.45</u>
EXPENDITURES:			
Current Expense:			
Undistributed Expenditures:			
Flexible Spending Account Claims		14,197.83	14,197.83
Unemployment Claims	43,047.88		43,047.88
Total Expenditures	<u>43,047.88</u>	<u>14,197.83</u>	<u>57,245.71</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(2,981.43)	1,827.17	(1,154.26)
Net Assets July 1	<u>81,809.04</u>	<u>-</u>	<u>81,809.04</u>
Net Assets June 30	<u>\$ 78,827.61</u>	<u>\$ 1,827.17</u>	<u>\$ 80,654.78</u>

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For The Fiscal Year Ended June 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Cash Balance</u> <u>June 30, 2013</u>	<u>Accounts</u> <u>Receivable</u> <u>June 30, 2013</u>	<u>Reserve</u> <u>Balance</u> <u>June 30, 2013</u>
School Fund	\$ 4,343.58	\$ 148,267.62	\$ 125,366.03	\$ 27,245.17	\$ -	\$ 27,245.17
Library Account	<u>17,257.45</u>	<u>26,624.97</u>	<u>23,799.69</u>	<u>20,082.73</u>		<u>20,082.73</u>
Total Liabilities	<u>\$ 21,601.03</u>	<u>\$ 174,892.59</u>	<u>\$ 149,165.72</u>	<u>\$ 47,327.90</u>	<u>\$ -</u>	<u>\$ 47,327.90</u>

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For The Fiscal Year Ended June 30, 2013

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
ASSETS:				
Cash and Cash Equivalents	\$ 19,089.07	\$ 12,393,447.83	\$ 12,392,783.68	\$ 19,753.22
Total Assets	<u>\$ 19,089.07</u>	<u>\$ 12,393,447.83</u>	<u>\$ 12,392,783.68</u>	<u>\$ 19,753.22</u>
LIABILITIES:				
Net Payroll		\$ 7,192,789.96	\$ 7,192,789.96	
Payroll Deductions and Withholding:	\$ 19,089.07	5,199,913.12	5,199,248.97	\$ 19,753.22
Interfund Payable	-	744.75	744.75	-
Total Liabilities	<u>\$ 19,089.07</u>	<u>\$ 12,393,447.83</u>	<u>\$ 12,392,783.68</u>	<u>\$ 19,753.22</u>

Long-Term Debt Schedules

TOWNSHIP OF HARRISON SCHOOL DISTRICT
General Long-Term Debt Account Group
Statement of Obligations Under Capital Leases
June 30, 2013

<u>Purpose</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Lease</u>		<u>Interest Rate</u>	<u>Balance June 30, 2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2013</u>
			<u>Principal</u>	<u>Interest</u>					
Various Equipment	8/8/08	4 Years	\$ 464,500.00	\$ 44,144.09	3.50%	\$ 145,500.00		\$ 145,500.00	\$ -
						<u>\$ 145,500.00</u>	<u>\$ -</u>	<u>\$ 145,500.00</u>	<u>\$ -</u>

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 962,973.00	\$ -	\$ 962,973.00	\$ 962,973.00	\$ -
State Sources:					
Debt Service Aid Type II	500,136.00	-	500,136.00	500,136.00	-
Total Revenues	<u>1,463,109.00</u>	<u>-</u>	<u>1,463,109.00</u>	<u>1,463,109.00</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	363,110.00		363,110.00	363,110.00	\$ -
Redemption of Principal	1,100,000.00		1,100,000.00	1,100,000.00	-
Total Regular Debt Service	<u>1,463,110.00</u>	<u>-</u>	<u>1,463,110.00</u>	<u>1,463,110.00</u>	<u>-</u>
Total Expenditures	<u>1,463,110.00</u>	<u>-</u>	<u>1,463,110.00</u>	<u>1,463,110.00</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1.00)	-	(1.00)	(1.00)	-
Other Financing Sources:					
None					-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(1.00)	-	(1.00)	(1.00)	-
Fund Balances, July 1	1.25	-	1.25	1.25	
Fund Balances, June 30	<u>\$ 0.25</u>	<u>\$ -</u>	<u>\$ 0.25</u>	<u>\$ 0.25</u>	<u>\$ -</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Statistical Section

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 4,681,832	\$ 5,133,437	\$ 5,273,224	\$ 5,209,468	\$ 5,749,570	\$ 5,912,879	\$ 6,547,527	\$ 6,973,441	\$ 7,664,319	\$ 8,125,309
Restricted	509,806	737,787	590,270	792,949	829,718	1,240,010	780,642	912,041	1,225,768	1,203,904
Unrestricted	192,425	25,363	26,159	42,828	9,768	(293,086)	(471,105)	(453,645)	(467,715)	(569,957)
Total governmental activities net position	\$ 5,384,063	\$ 5,896,587	\$ 5,889,653	\$ 6,045,245	\$ 6,589,056	\$ 6,859,803	\$ 6,857,064	\$ 7,431,837	\$ 8,422,372	\$ 8,759,256
Business-type activities										
Net investment in capital assets	\$ 183,271	\$ 165,008	\$ 146,469	\$ 128,206	\$ 109,943	\$ 91,680	\$ 77,817	\$ 66,774	\$ 53,731	\$ 41,688
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	32,130	39,622	33,062	20,398	17,718	17,929	40,610	39,769	33,936	32,756
Total business-type activities net position	\$ 215,401	\$ 204,630	\$ 179,531	\$ 148,604	\$ 127,661	\$ 109,609	\$ 118,427	\$ 106,543	\$ 87,667	\$ 74,444
District-wide										
Net investment in capital assets	\$ 4,865,103	\$ 5,298,445	\$ 5,419,693	\$ 5,337,674	\$ 5,859,513	\$ 6,004,559	\$ 6,625,344	\$ 7,039,215	\$ 7,610,588	\$ 8,166,997
Restricted	509,806	737,787	590,270	792,949	829,718	1,240,010	780,642	912,041	1,225,768	1,203,904
Unrestricted	224,555	64,985	59,221	63,226	27,486	(275,157)	(430,495)	(413,876)	(501,651)	(537,201)
Total district net position	\$ 5,599,464	\$ 6,101,217	\$ 6,069,184	\$ 6,193,849	\$ 6,716,717	\$ 6,969,412	\$ 6,975,491	\$ 7,537,380	\$ 8,334,705	\$ 8,833,700

Source: District Records

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities										
Instruction	\$ 7,193,619	\$ 8,087,509	\$ 6,977,730	\$ 7,432,735	\$ 8,022,009	\$ 8,640,298	\$ 8,804,095	\$ 8,763,531	\$ 8,800,012	\$ 8,995,888
Tuition	73,322	181,106	284,367	722,249	489,501	319,971	393,437	171,604	344,528	791,656
Related Services	1,227,432	1,369,829	1,027,805	1,206,787	1,267,723	1,401,257	1,476,008	1,449,200	1,470,419	1,249,386
Administrative Services	876,985	1,002,073	760,262	860,390	855,800	994,334	976,686	967,606	1,009,579	1,005,260
Central Services	380,752	488,747	392,856	386,991	427,266	436,478	536,243	465,712	542,095	502,429
Operations and Maintenance	3,940,879	1,740,535	1,670,748	1,656,941	1,455,836	1,849,626	1,634,741	1,925,158	1,721,179	1,532,140
Transportation	1,083,174	1,096,896	1,036,323	1,034,649	1,073,179	1,207,806	1,194,427	1,240,324	1,245,599	1,269,498
Interest on long-term debt	714,734	684,919	56,103	610,189	534,605	500,679	464,867	422,769	389,431	388,582
Unallocated Employee Benefits			2,653,759	3,381,858	3,491,204	3,431,018	3,739,237	3,725,178	4,038,267	4,559,061
Other	56,747	57,227	59,733	95,231	82,588	83,866	42,080	45,071	58,645	40,797
Total governmental activities expenses	15,547,644	14,708,841	14,919,686	17,388,020	17,699,711	18,865,333	19,261,821	19,176,153	19,619,754	20,334,697
Business-type activities:										
Food service	304,869	333,027	350,556	365,511	378,658	388,163	397,958	401,642	402,396	385,360
Total business-type activities expense	304,869	333,027	350,556	365,511	378,658	388,163	397,958	401,642	402,396	385,360
Total district expenses	\$15,852,513	\$15,041,868	\$ 15,270,242	\$ 17,753,531	\$ 18,078,369	\$19,253,496	\$ 19,659,779	\$19,577,795	\$20,022,150	\$ 20,720,057
Program Revenues										
Governmental activities:										
Charges for services:										
Tuition	\$ 31,150	\$ 52,691	\$ 117,548	\$ 177,299	\$ 145,859	\$ 169,808	\$ 135,969	\$ 180,662	\$ 273,106	\$ 294,094
General Revenues:										
Property Taxes	7,509,364	8,489,720	9,085,043	10,023,398	10,664,312	10,850,177	10,882,910	11,444,280	11,404,387	11,510,685
Unrestricted State Aid	5,310,226	5,524,957	5,540,487	4,950,538	5,055,883	5,737,796	5,736,719	5,634,896	6,165,435	6,255,971
Other Revenues	110,254	104,708	169,675	35,851	149,837	139,000	209,119	205,577	240,113	103,308
Operating grants and contributions	922,468	1,049,289	-	2,197,874	2,227,631	2,139,299	2,294,364	2,285,511	2,439,581	2,696,023
Capital grants and contributions	-	-	-	158,651	-	-	-	-	-	-
Total governmental activities program revenues	13,883,462	15,221,365	14,912,753	17,543,611	18,243,522	19,036,080	19,259,081	19,750,926	20,522,622	20,860,081
Business-type activities:										
Charges for services										
Food service	242,062	255,435	258,996	270,173	283,102	296,497	309,082	305,584	285,755	269,958
Operating grants and contributions	66,372	66,680	66,460	64,412	74,613	70,614	97,694	83,174	98,765	102,179
Other	-	141	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	308,434	322,256	325,456	334,585	357,715	367,111	406,776	388,758	384,520	372,137
Total district program revenues	\$14,191,896	\$15,543,621	\$ 15,238,209	\$ 17,878,196	\$ 18,601,237	\$19,403,191	\$ 19,665,857	\$20,139,684	\$20,907,142	\$ 21,232,218
Net (Expense)/Revenue and Change in Net Position										
Governmental activities	\$ (1,664,182)	\$ 512,524	\$ (6,933)	\$ 155,591	\$ 543,811	\$ 270,747	\$ (2,740)	\$ 574,773	\$ 902,868	\$ 525,384
Business-type activities	3,565	(10,771)	(25,100)	(30,926)	(20,943)	(21,052)	8,818	(12,884)	(17,876)	(13,223)
Total district-wide net expense	\$ (1,660,617)	\$ 501,753	\$ (32,033)	\$ 124,665	\$ 522,868	\$ 249,695	\$ 6,078	\$ 561,889	\$ 884,992	\$ 512,161

Source: District Records

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

	Fiscal Year Ending June 30,									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund										
Reserved	\$ 395,556	\$ 789,184	\$ 582,242	\$ 952,197	\$ 974,272	\$ 1,406,882	\$ 935,303	\$ 1,053,546	\$ 1,225,766	\$ 1,203,904
Unreserved	416,493	249,047	347,114	139,791	143,198	(91,145)	(251,146)	(183,381)	(106,835)	(138,903)
Total General Fund	<u>\$ 812,049</u>	<u>\$ 1,038,231</u>	<u>\$ 929,356</u>	<u>\$ 1,091,988</u>	<u>\$ 1,117,470</u>	<u>\$ 1,315,737</u>	<u>\$ 684,157</u>	<u>\$ 870,165</u>	<u>\$ 1,118,931</u>	<u>\$ 1,065,001</u>
All Other Governmental Funds										
Reserved	\$ -	\$ 152	\$ -	\$ 1	\$ -					
Unreserved, reported in:										
Special revenue fund	-	-	-							
Capital projects fund	75,503	-	-							
Debt service fund	12,529	1	1	35,089	35,089			1	1	
Permanent fund	-	-	-							
Total all other governmental funds	<u>\$ 88,032</u>	<u>\$ 153</u>	<u>\$ 1</u>	<u>\$ 35,090</u>	<u>\$ 35,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>

Source: District Records

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Tax levy	\$ 7,509,364	\$ 8,489,720	\$ 9,085,043	\$ 10,023,398	\$ 10,664,312	\$ 10,850,177	\$ 10,882,910	\$ 11,444,280	\$ 11,404,387	\$ 11,510,685
Tuition charges	31,150	52,691	117,548	177,300	145,859	169,808	135,969	180,662	273,106	294,094
Transportation fees	37,456	34,053	61,619	35,851	23,070	52,670	119,895	120,865	151,000	67,125
Interest earnings	35,276	41,878	86,754	126,800	84,478	46,326	44,202	24,850	20,776	7,434
Miscellaneous	37,522	28,777	20,551	31,851	42,290	40,004	45,021	59,862	68,336	28,749
State sources	5,945,919	6,216,068	6,252,913	6,726,351	6,895,499	7,580,311	6,636,896	7,343,948	7,862,333	8,518,751
Federal sources	286,775	358,178	363,595	422,061	388,014	396,784	1,394,188	576,460	762,469	433,243
Total revenue	13,883,462	15,221,365	15,988,023	17,543,612	18,243,522	19,136,080	19,259,081	19,750,927	20,542,407	20,860,081
Expenditures										
Instruction										
Regular instruction	3,885,274	4,258,909	4,735,314	4,817,992	5,361,821	5,599,845	5,833,265	5,377,721	5,495,392	5,718,012
Special education instruction	1,168,312	1,422,089	1,407,460	1,508,130	1,525,215	1,692,263	1,569,759	1,656,239	1,693,231	1,721,568
Other special instruction	311,180	399,819	371,014	378,411	549,973	711,461	811,964	808,528	1,026,813	985,162
Support Services:										
Tuition	73,322	181,106	543,462	722,249	489,501	319,971	393,437	461,648	625,035	791,656
Student & instruction related services	995,821	1,110,669	1,027,806	1,206,786	1,267,723	1,401,256	1,476,008	1,449,200	1,261,394	1,249,386
General administrative services	269,715	319,285	277,936	320,383	332,500	364,463	352,781	324,479	349,348	329,821
School Administrative services	441,787	425,118	393,340	430,573	439,151	542,926	539,747	552,984	575,745	593,847
Business administrative services	308,906	396,280	392,856	386,991	427,266	436,479	536,244	465,712	542,095	502,429
Plant operations and maintenance	1,106,037	1,273,667	1,393,024	1,500,825	1,539,208	1,701,309	1,658,805	1,762,844	1,655,427	1,512,779
Pupil transportation	811,434	889,373	1,036,323	1,034,649	1,073,179	1,055,887	1,194,427	1,240,324	1,245,599	1,269,498
Unallocated employee benefits	2,160,023	2,383,630	2,687,755	3,286,628	3,491,204	3,431,018	3,739,237	3,725,178	4,029,012	4,559,061
Capital outlay	3,008,699	627,618	663,895	428,724	210,000	707,174	327,909	269,070	326,730	217,684
Debt service:										
Principal	840,000	934,000	880,000	1,005,000	962,000	960,000	980,000	1,030,000	1,045,000	1,100,000
Interest and other charges	722,994	688,056	659,084	634,490	549,300	513,350	477,078	440,991	403,035	363,110
Total expenditures	16,103,504	15,309,619	16,469,269	17,661,831	18,218,041	19,437,402	19,890,661	19,564,918	20,273,856	20,914,013
Excess (Deficiency) of revenues over (under) expenditures	(2,220,042)	(88,254)	(481,246)	(118,219)	25,481	(301,322)	(631,580)	186,009	268,551	(53,932)
Other Financing sources (uses)										
Capital leases (non-budgeted)	440,000	226,557	370,000	200,000	-	464,500	464,500	-	-	-
Proceeds of Refunding Bonds				8,438,370	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent				(8,322,430)	-	-	-	-	-	-
Transfers in	16,078	2,357	751	94	-	-	-	-	-	-
Transfers out	(16,078)	(2,357)	(751)	(94)	-	-	-	-	-	-
Total other financing sources (uses)	440,000	226,557	-	315,940	-	464,500	464,500	-	-	-
Net change in fund balances	\$ (1,780,042)	\$ 138,303	\$ (481,246)	\$ 197,721	\$ 25,481	\$ 163,178	\$ (167,080)	\$ 186,009	\$ 268,551	\$ (53,932)
Debt service as a percentage of noncapital expenditures	11.9%	11.0%	9.7%	9.5%	8.4%	7.9%	7.4%	7.6%	7.3%	7.1%

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

<u>Description</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Tuition Refunds			\$ 3,594	\$ 989		\$ 3,888	\$ 1,418			\$ 1,761
Insurance Refunds	2,928	17,493	6,132	2,294	\$ 15,788	11,916	3,906			10,750
Interest on Investments	6,624	18,487	22,211	40,608	46,280	84,368	126,569	\$ 86,651	\$ 39,472	19,440
Sale of Equipment	382	2,887	1,020					40	840	150
Use of Facilities - Rentals	13,569	13,793	16,187	16,528	19,295	22,311	17,718	12,949	11,419	16,074
FEMA Snow Reimbursement			16,224							3,615
Prior Year Refunds	11,177	33,555	11,209	24,395	4,100	870	7,324	6,481	14,279	2,473
Photocopies				254	81		25		33	39
Elections							200		600	
Soda Machine	470	608	619	507	740	1,158	904	1,046	1,351	1,195
Donations										6
Cancellation of Old Outstanding Checks	89		2,876	54		2,147	339		180	50
Staff Development Fees from Other LEA's									75	1,350
Forfeited Deposits										59
Lost/Damaged Book Fines	84						16	36		
	<u>\$ 35,323</u>	<u>\$ 86,823</u>	<u>\$ 80,072</u>	<u>\$ 85,629</u>	<u>\$ 86,284</u>	<u>\$ 126,658</u>	<u>\$ 158,419</u>	<u>\$ 107,203</u>	<u>\$ 68,249</u>	<u>\$ 56,962</u>

Source: District Records

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

Year Ended Dec. 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2005	\$26,494,200	\$561,065,400	\$19,440,600	\$3,399,800	\$29,169,500	\$0	\$4,532,900	\$644,102,400	\$0	\$3,034,864	\$647,137,264	1.404	\$928,992,654
2006	34,589,800	606,152,600	20,890,700	3,306,300	36,465,600	0	4,531,500	705,936,500	0	2,540,406	708,476,906	1.415	1,134,787,600
2007	31,226,000	664,202,700	19,726,300	3,193,000	40,081,600	0	4,531,500	762,961,100	0	2,350,519	765,311,619	1.394	1,376,957,601
2008	27,451,400	706,145,500	19,247,600	3,046,700	41,229,100	0	4,531,500	801,651,800	0	2,338,529	803,990,329	1.349	1,509,866,503
2009	27,824,900	728,280,000	18,219,200	2,152,600	42,036,700	0	4,531,500	823,044,900	0	2,362,052	825,406,952	1.318	1,541,193,020
2010 ^c	36,974,600	1,147,615,700	32,252,500	2,054,900	92,451,900	0	7,297,300	1,318,646,900	0	4,538,574	1,323,185,474	0.865	1,514,985,628
2011	32,150,900	1,162,559,600	32,733,200	2,866,800	84,819,400	0	7,297,300	1,322,427,200	0	3,683,324	1,326,110,524	0.860	1,618,787,260
2012	28,662,100	1,175,818,900	31,758,500	2,866,900	89,881,800	0	7,297,300	1,336,285,500	0	3,724,475	1,340,009,975	0.859	1,417,698,351
2013	25,357,800	1,187,245,000	31,111,900	2,874,300	92,675,600	0	7,297,300	1,346,561,900	0	3,369,388	1,349,931,288	0.877	1,378,206,992

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

Source: Gloucester County Board of Taxation Abstract of Ratables

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

Reassessment occurs when ordered by the County Board of Taxation

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

^b Tax rates are per \$100

^c Revaluation in 2010

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

Fiscal Year Ended <u>June 30,</u>	Harrison Township Board of Education			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct	Clearview Regional School	Gloucester County	Fire District	Harrison Township	
2004	\$ 1.188	\$ 0.159	\$ 1.347	\$ 0.930	\$ 0.882	\$ 0.112	\$ 0.287	\$ 3.558
2005	1.247	0.148	1.395	1.010	0.986	0.119	0.327	3.837
2006	1.258	0.146	1.404	1.016	1.016	0.136	0.326	3.898
2007	1.274	0.120	1.394	1.036	1.068	0.149	0.359	4.006
2008	1.241	0.108	1.349	1.032	1.113	0.150	0.381	4.025
2009	1.213	0.105	1.318	1.030	1.102	0.150	0.393	3.993
2010 ^c	0.787	0.078	0.865	0.642	0.675	0.097	0.332	2.611
2011	0.788	0.072	0.860	0.646	0.629	0.098	0.347	2.580
2012	0.787	0.072	0.859	0.644	0.627	0.097	0.407	2.634
2013	0.807	0.070	0.877	0.668	0.661	0.097	0.425	2.728

Source: District Records and Municipal Tax Collector

Note:

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

(a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

(b) Rates for debt service are based on each year's requirements.

c Revaluation in 2010

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

Taxpayer	2004		2013 c	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Mullica West LTD	\$ 4,095,000	0.68%	\$ 6,224,000	0.46%
Bell Atlantic Property	3,335,530	0.55%		
Mantec Associates	3,105,200	0.51%	5,884,000	0.43%
Mullica Hill Self-Storage	1,640,900	0.27%		
Mullica Hill Plaza Associates	1,233,400	0.20%		
Mullica Assoc. CVS	990,400	0.16%		
Group Ten Assoc.	864,000	0.14%		
Tunlaw Inc.	827,800	0.13%		
Holding Smith, Inc.	817,200	0.13%		
Equity Bank N.A.	798,000	0.13%		
AEW SCT Mullica Hill, LLC	-		14,000,000	1.03%
Underwood Memorial Hospital	-		3,400,000	0.25%
Verizon - Property Tax Dept.	-		3,724,475	0.27%
Mullica Hill Commons, LLC	-		3,000,000	0.22%
Storage Quest, NJ LP	-		2,500,000	0.18%
Lambs Road Assoc. - Wawa Inc.	-		2,465,000	0.18%
CVS - Harrisonville Rd C/O	-		2,095,400	0.15%
Storage Quest, NJ LP	-		2,075,000	0.15%
Total	\$ 17,707,430	2.90%	\$ 45,367,875	3.32%

c = Revaluation in 2010

Source: County Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	\$ 7,509,364	\$ 7,509,364	100.00%	-
2005	8,489,720	8,489,720	100.00%	-
2006	9,085,043	9,085,043	100.00%	-
2007	10,023,398	10,023,398	100.00%	-
2008	10,664,312	10,664,312	100.00%	-
2009	10,850,177	10,850,177	100.00%	-
2010	10,882,910	10,882,910	100.00%	-
2011	11,444,280	11,444,280	100.00%	-
2012	11,404,387	11,404,387	100.00%	-
2013	11,510,685	11,510,685	100.00%	-

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

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

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2004	\$ 16,819,000	-	\$ 1,048,916	-	-	\$ 17,867,916	4.99%	1,644
2005	15,885,000	-	921,774	-	-	16,806,774	4.34%	1,497
2006	15,005,000	-	926,421	-	-	15,931,421	3.69%	1,349
2007	14,202,000	-	657,286	-	-	14,859,286	3.19%	1,216
2008	13,240,000	-	579,925	-	-	13,819,925	2.76%	1,113
2009	12,280,000	-	757,209	-	-	13,037,209	2.59%	1,036
2010	11,300,000	-	479,500	-	-	11,779,500	2.29%	948
2011	10,270,000	-	289,500	-	-	10,559,500	2.01%	848
2012	9,225,000	-	145,500	-	-	9,370,500	b	746
2013	8,125,000	-	-	-	-	8,125,000	b	b

Source: School District Financial Reports

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

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2004	\$ 16,819,000	\$ -	\$ 16,819,000	2.76%	\$ 1,548
2005	15,885,000	-	15,885,000	2.45%	1,415
2006	15,005,000	-	15,005,000	2.12%	1,270
2007	14,202,000	-	14,202,000	1.86%	1,162
2008	13,240,000	-	13,240,000	1.65%	1,066
2009	12,280,000	-	12,280,000	1.49%	976
2010 ^c	11,300,000	-	11,300,000	0.85%	909
2011	10,270,000	-	10,270,000	0.77%	825
2012	9,225,000	-	9,225,000	0.69%	735
2013	8,125,000	-	8,125,000	0.60%	b

Source: School District Financial Reports

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

a See Exhibit J-7 for property tax data.

b Not Available

c Revaluation in 2010

Township of Harrison School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2013
UNAUDITED

<u>Governmental Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Harrison Township	\$ 29,998,339	100.000%	\$ 29,998,339
Other debt			
Clearview Regional School District	21,663,000	49.96%	10,822,835
Gloucester County	274,706,201	5.25%	<u>14,437,648</u>
Subtotal, overlapping debt			<u>55,258,822</u>
Harrison Township School District Direct Debt			<u>8,125,000</u>
Total direct and overlapping debt			<u><u>\$ 63,383,822</u></u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2013

Equalized valuation basis	
2012	\$ 1,362,722.313
2011	1,397,619,108
2010	<u>1,434,559,291</u>
A	<u>\$ 4,194,900,712</u>
Average equalized valuation of taxable property	A/3 \$ 1,398,300.237
Debt Limit (2 1/2% of average equalized valuation)	B 34,957,506 ^a
Net bonded school debt	C <u>8,125,000</u>
Legal debt margin	B-C <u>\$ 26,832,506</u>

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 15,741,981	\$ 18,524,317	\$ 21,923,802	\$ 26,425,755	\$ 31,126,122	\$ 35,003,590	\$ 36,793,166	\$ 36,805,661	\$ 35,977,357	\$ 34,957,506
Total net debt applicable to limit	<u>16,819,000</u>	<u>15,885,000</u>	<u>15,005,000</u>	<u>14,202,000</u>	<u>13,240,000</u>	<u>12,280,000</u>	<u>11,300,000</u>	<u>10,270,000</u>	<u>9,225,000</u>	<u>8,125,000</u>
Legal debt margin	<u>\$ (1,077,019)</u>	<u>\$ 2,639,317</u>	<u>\$ 6,918,802</u>	<u>\$ 12,223,755</u>	<u>\$ 17,886,122</u>	<u>\$ 22,723,590</u>	<u>\$ 25,493,166</u>	<u>\$ 26,535,661</u>	<u>\$ 26,752,357</u>	<u>\$ 26,832,506</u>
Total net debt applicable to the limit as a percentage of debt limit	106.84%	85.75%	68.44%	53.74%	42.54%	35.08%	30.71%	27.90%	25.64%	23.24%

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

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

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

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income ^b</u>	<u>Unemployment Rate ^c</u>
2004	10,868	\$ 358,296,224	\$ 32,968	3.50%
2005	11,230	387,423,770	34,499	4.10%
2006	11,812	431,445,112	36,526	4.40%
2007	12,224	465,661,056	38,094	4.00%
2008	12,415	501,516,340	40,396	5.20%
2009	12,587	504,109,350	40,050	7.60%
2010	12,430	513,818,910	41,337	8.10%
2011	12,453	525,865,284	42,228	7.90%
2012	12,556	d	d	8.10%
2013	d	d	d	d

Source:

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

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

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

^d Not Available

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

Employer	2013			2004	
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Percentage of Total Employment
Inspira Health	1,825	1	N/A	N/A	N/A
Kennedy Memorial Hospital	1,675	2	N/A	N/A	N/A
Washington Township School District	1,528	3	N/A	N/A	N/A
County of Gloucester	1,485	4	N/A	N/A	N/A
Rowan University	1,483	5	N/A	N/A	N/A
Missa Bay, LLC	950	6	N/A	N/A	N/A
Monroe Township School District	794	7	N/A	N/A	N/A
U.S. Foodservices	725	8	N/A	N/A	N/A
LaBrea Bakery	525	9	N/A	N/A	N/A
Delaware Valley Wholesale Florist	450	10	N/A	N/A	N/A
	11,440				

Source: Gloucester County Department of Economic Development and Employer Directly

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

N/A - Information not available

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

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Instruction									
Regular	81	83	83	86	88	88	84.6	83.3	83.3
Special education	27	32	37	35	35	35	39.3	39.6	39.6
Other special education	11	11	11	13	14	17	20.2	20.7	20.7
Vocational	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-
Support Services:									
Tuition	-	-	-	-	-	-	-	-	-
Student & instruction related services	15	15	16	16	18	18	17.1	17.0	17.0
General administrative services	2	2	2	2	2	2	2.0	2.0	2.0
§ School administrative services	7	7	7	7	8	8	8.0	8.0	8.0
Business administrative services	5	5	5	5	5	5	5.8	6.3	6.3
Plant operations and maintenance	23	23	23	23	24	24	24.3	24.8	25.8
Pupil transportation	22	22	25	23	24	24	22.9	21.8	21.8
Total	<u>193</u>	<u>200</u>	<u>209</u>	<u>210</u>	<u>218</u>	<u>221</u>	<u>224.2</u>	<u>223.5</u>	<u>224.5</u>

Source: District Personnel Records

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

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil^b</u>	<u>Percentage Change</u>	<u>Teaching Staff^c</u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (ADE)^d</u>	<u>Average Daily Attendance (ADA)^d</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2004	1,382	\$ 11,532,437	\$ 8,345	3.91%	110	1:14.1	1,368.2	1,312.9	5.39%	95.96%
2005	1,442	13,059,945	9,057	8.53%	122	1:13.1	1,422.3	1,361.1	3.95%	95.70%
2006	1,466	14,266,290	9,731	7.45%	126	1:12.7	1,468.9	1,409.8	3.28%	95.98%
2007	1,483	15,193,617	10,245	5.28%	131	1:11.3	1,461.9	1,406.7	-0.48%	96.22%
2008	1,551	16,521,706	10,652	3.97%	134	1:11.5	1,535.4	1,479.0	5.03%	96.33%
2009	1,554	17,267,676	11,112	4.31%	137	1:11.3	1,512.9	1,454.7	-1.47%	96.15%
2010	1,546	18,105,674	11,711	5.40%	140	1:11.0	1,546.6	1,483.2	2.23%	95.90%
2011	1,502	17,824,857	11,867	1.33%	144	1:10.4	1,494.1	1,439.8	-3.39%	96.37%
2012	1,488	18,499,091	12,432	4.76%	144	1:10.3	1,482.3	1,426.3	-0.79%	96.22%
2013	1,454	19,270,173	13,253	6.60%	144	1:10.1	1,441.9	1,380.5	-2.73%	95.74%

Sources: District records

Note: Enrollment based on annual October district count.

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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
District Building										
Elementary										
Harrison Township Elementary School (1950)										
Square Feet	97,903	97,903	97,903	97,903	97,903	97,903	97,903	97,903	97,903	97,903
Capacity (students)	835	835	835	835	835	835	835	835	835	835
Enrollment	781	803	810	864	891	888	863	842	857	825
Pleasant Valley School (2001)										
Square Feet	87,901	87,901	87,901	87,901	87,901	87,901	87,901	87,901	87,901	87,901
Capacity (students)	763	763	763	763	763	763	763	763	763	763
Enrollment	601	639	660	619	660	666	683	671	662	629

Number of Schools at June 30, 2013
Elementary = 2

Source: District records

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

101

- Harrison Township Elementary School
 - 1997 through 2000 Grades K-6
 - 2001 Grades K-4
 - 2002 through Present Grades K-3
- Pleasant Valley School
 - 2001 Grades 5-6
 - 2002 through Present Grades 4-6

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

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

<u>Fiscal Year Ended June 30,</u>	<u>Harrison Township Elementary School</u>	<u>Pleasant Valley School</u>
2004	\$ 62,315	\$ 56,039
2005	72,144	36,695
2006	157,114	54,717
2007	81,878	79,055
2008	125,745	62,459
2009	184,781	109,968
2010	187,217	88,610
2011	326,197	83,933
2012	238,361	91,315
2013	134,536	78,026
	<u>\$ 1,570,288</u>	<u>\$ 740,817</u>

Source: District records

Township of Harrison School District
Insurance Schedule
June 30, 2013
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Property -Blanket Building & Contents	\$ 35,355,675	\$ 1,000
Comprehensive General Liability	1,000,000	
Aggregate	3,000,000	
Comprehensive Automobile Liability	1,000,000	
Crime	100,000	
Data Processing	1,700,000	250
 Excess Catastrophe Liability	 9,000,000	
 Workmen's Compensation	 2,000,000	
 School Board Legal Liability		
Directors and Office	6,000,000	5,000
 Student Accident Insurance:		
Basic	25,000	
Catastrophic	2,000,000	
 Surety Bonds:		
Board Secretary	220,000	N/A

Source: District Records

Single Audit Section

INVERSO & STEWART, LLC
Certified Public Accountants

12000 Lincoln Drive West, Suite 402
 Marlton, New Jersey 08053
 (856) 983-2244
 Fax (856) 983-6674
 E-Mail: iscpas@concentric.net

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

I have audited Harrison Township School District (School District), in the County of Gloucester, State of New Jersey's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2013. The School District's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the School District's major federal and state programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and State of New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and State of 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 federal and state program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In my opinion, the Harrison Township School District, in the County of Gloucester, State of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Harrison Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state programs and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Harrison Township's School District's internal control over compliance.

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133 and Expenditures of State Financial Assistance Required by New Jersey OMB's Circular 04-04

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Harrison Township School District, in the County of Gloucester, State of New Jersey as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. I have issued my report thereon dated September 20, 2013, which contained an unmodified opinion on those financial statements. My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements.

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

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant

Marlton, New Jersey
September 20, 2013

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2013

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period	Balance at June 30, 2012			Carryover (Waiver) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2013		
					Accounts Receivable	Deferred Revenue	Due to Grantor						Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education															
Special Revenue Fund															
No Child Left Behind (N.C.L.B.)															
Title I	84 010A	NCLB-2070-13	\$ 63,310.00	9/1/12 - 8/31/13				\$ 19,044.00	\$ (19,044.55)			\$ (0.55)			
Title I - Prior Year	84 010A	NCLB-2070-12	65,236.00	9/1/11 - 8/31/12	\$ (874.07)			43,198.00	(42,323.93)						
Title I - Prior Year	84 010A	NCLB-2070-10	43,401.00	9/1/09 - 8/31/10			\$ 2,650.00							\$ 2,650.00	
Title II - Part A	84 367A	NCLB-2070-13	26,667.00	9/1/12 - 8/31/13				25,457.00	(29,143.70)			(3,686.70)			
Title II - Part A - Prior Year	84 367A	NCLB-2070-12	28,935.00	9/1/11 - 8/31/12	(2,417.00)			2,945.00	(326.00)						
Title III - (Consortium)	84 365A	NCLB-2070-13	3,085.92	9/1/12 - 8/31/13				3,085.92	(3,085.92)						
Title III - Carryover	84 365A	NCLB-2070-12	-	9/1/11 - 8/31/12	(5,278.00)			5,278.00	-						
Title III - Prior Year	84 365A	NCLB-2070-10	27,255.00	9/1/09 - 8/31/10			293.97	-	-					293.97	
Title II - Part D - Carryover	84 366A	NCLB-2070-12	126.00	9/1/11 - 8/31/12				126.00	(126.00)						
Individuals With Disabilities Act (I.D.E.A.)															
Part B - Basic - Current Year	84 027	FT-2070-13	295,295.00	9/1/12 - 8/31/13				259,234.00	(295,295.00)			(36,061.00)			
Part B - Basic - Prior Year	84 027	FT-2070-12	302,316.00	9/1/11 - 8/31/12	(12,946.00)			12,946.00	(9,316.03)			(9,316.03)			
Part B - Preschool - Current Year	84 173	PS-2070-13	29,444.00	9/1/12 - 8/31/13				25,081.00	(29,186.00)			(4,105.00)			
Part B - Preschool - Prior Year	84 173	PS-2070-12	29,549.00	9/1/11 - 8/31/12	(4,860.00)			4,860.00	-						
ARRA - Part B - Current Year	84 391	N/A	349,993.00	9/1/09 - 8/31/11			233.01	-	-					233.01	
Race To The Top	84 413A	N/A	5,195.00	9/1/11 - 11/30/15				5,195.00	(5,195.00)						
Total Special Revenue Fund					(26,375.07)		3,178.98	408,449.92	(433,244.13)			(53,169.28)		3,176.98	
U.S. Department of Agriculture															
Enterprise Fund															
Food Distribution Program	10 550	N/A	27,281.07	9/1/12 - 8/31/13				27,281.07	(27,281.07)						
National School Lunch Program	10 555	N/A	70,926.50	9/1/12 - 8/31/13				67,463.97	(70,926.50)			(3,462.53)			
National School Lunch Program	10 555	N/A	69,247.30	9/1/11 - 8/31/12	\$ (2,469.72)			2,469.72							
Total Enterprise Fund					(2,469.72)			97,214.76	(98,207.57)			(3,462.53)			
Total Federal Awards					\$ (28,844.79)		\$ 3,178.98	\$ 503,664.68	\$ (531,451.70)			\$ (56,631.81)		\$ 3,176.98	

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2013

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	Balance at June 30, 2012			Carryover (W/over) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2013			Memo Cumulative Total Expenditures
				Accounts Receivable	Deferred Revenue	Due to Grantor at						Accounts Receivable	Deferred Revenue	Due to Grantor at	
State Department of Education															
General Fund:															
Equalization Aid	13-426-034-5120-078	\$ 5,018,667.00	7/1/12 - 6/30/13				\$ 4,536,266.32	\$ (5,018,667.00)			\$ (462,371.68)			\$ 5,018,667.00	
Equalization Aid	12-436-034-5120-078	4,819,379.00	7/1/11 - 6/30/12	\$ (455,778.00)			455,778.00								
Additional Nonpublic Transportation Aid	13-426-034-5120-014	10,566.37	7/1/12 - 6/30/13					(10,566.37)			(10,566.37)				
Additional Nonpublic Transportation Aid	12-426-034-5120-014	15,797.83	7/1/11 - 6/30/12	(15,797.83)			15,797.83								
Transportation Aid	13-426-034-5120-014	171,289.00	7/1/12 - 6/30/13				154,830.53	(171,289.00)			(16,458.47)		171,289.00		
Transportation Aid	12-426-034-5120-014	61,061.00	7/1/11 - 6/30/12	(7,663.00)			7,663.00								
Special Education Aid	13-426-034-5120-011	779,591.00	7/1/12 - 6/30/13				704,601.56	(779,591.00)			(74,989.45)		779,591.00		
Special Education Aid	12-426-034-5120-011	741,653.00	7/1/11 - 6/30/12	(70,139.00)			70,139.00								
Security Aid	13-426-034-5120-084	104,920.00	7/1/12 - 6/30/13				94,835.20	(104,920.00)			(10,084.80)		104,920.00		
Security Aid	12-426-034-5120-084	106,106.00	7/1/11 - 6/30/12	(10,035.00)			10,035.00								
Extraordinary Aid	13-426-034-5093-007	210,667.00	7/1/12 - 6/30/13					(210,667.00)			(210,667.00)				
Extraordinary Aid	12-426-034-5093-007	204,978.00	7/1/11 - 6/30/12	(204,978.00)			204,978.00								
On Behalf TPAF Pension Contributions	13-426-034-5095-006	530,165.00	7/1/12 - 6/30/13				530,165.00	(530,165.00)							
On Behalf TPAF Post Retirement Medical	13-426-034-5095-001	599,482.00	7/1/12 - 6/30/13				599,482.00	(599,482.00)							
Reimbursed TPAF Social Security Contributions	13-426-034-5095-002	606,626.51	7/1/12 - 6/30/13				562,442.00	(561,036.76)			(26,593.66)				
Reimbursed TPAF Social Security Contributions	12-426-034-5095-002	576,124.49	7/1/11 - 6/30/12	(27,843.75)			27,843.75								
Total General Fund				(792,040.58)			7,965,023.43	(8,006,614.13)			(633,631.23)			6,074,767.00	
Special Revenue Fund															
N.J. Nonpublic Aid:															
Textbook Aid	13-100-034-5120-064	6,235.00	7/1/12 - 6/30/13				6,235.00	(4,262.42)					\$ 1,972.58	4,262.42	
Textbook Aid	12-100-034-5120-064	7,234.00	7/1/11 - 6/30/12			\$ 2,751.91				\$ (2,751.91)					
Nursing Aid	13-100-034-5120-070	8,654.00	7/1/12 - 6/30/13				8,654.00	(8,654.00)						8,654.00	
Nursing Aid	12-100-034-5120-070	10,333.00	7/1/11 - 6/30/12								(1,414.60)				
Nursing Aid	10-100-034-5120-070	12,652.00	7/1/09 - 6/30/10				305.60								
Home Instruction	12-100-034-5120-373	1,400.52	7/1/11 - 6/30/12	(1,400.52)			1,400.52								
Technology Aid	13-100-034-5120-067	2,301.00	7/1/12 - 6/30/13				2,301.00	(2,281.05)				19.95	2,281.05		
Auxiliary Services:															
Compensatory Education	13-100-034-5120-067	26,755.00	7/1/12 - 6/30/13				26,755.00	(11,202.40)				15,552.60	11,202.40		
Compensatory Education	12-100-034-5120-067	41,421.00	7/1/11 - 6/30/12			26,741.05				(26,741.05)					
Transportation	13-100-034-5120-067	6,684.00	7/1/12 - 6/30/13				6,684.00	(3,434.76)	\$ (0.34)			3,248.90	3,434.76		
ESL	13-100-034-5120-067	787.00	7/1/12 - 6/30/13				787.00	(787.34)							
Handicapped Services:															
Examination & Classification	13-100-034-5120-066	11,785.00	7/1/12 - 6/30/13				11,785.00	(3,257.14)				6,527.86	5,237.14		
Examination & Classification	12-100-034-5120-066	9,621.00	7/1/11 - 6/30/12			2,253.02				(2,253.02)					
Corrective Speech	13-100-034-5120-066	17,968.00	7/1/12 - 6/30/13				17,968.00	(9,374.40)				8,593.60	9,374.40		
Corrective Speech	12-100-034-5120-066	16,167.00	7/1/11 - 6/30/12			6,319.25				(6,319.25)					
Corrective Speech	10-100-034-5120-066	22,416.00	7/1/09 - 6/30/10			(878.19)	878.19								
Supplemental Instruction	13-100-034-5120-066	6,245.00	7/1/12 - 6/30/13				6,245.00	(3,885.26)				2,359.72	3,885.26		
Supplemental Instruction	12-100-034-5120-066	4,209.00	7/1/11 - 6/30/12			701.40				(701.40)					
Disability Rights New Jersey	N/A	6,330.00	4/1/13 - 6/30/13				5,697.00	(8,272.32)			(575.32)				
Total Special Revenue Fund				(1,400.52)		40,917.44	86,756.31	(56,391.11)			(42,181.23)		33,275.21	46,351.45	
Debt Service Fund															
Debt Service Aid Type II	12-426-034-5120-017	500,136.00	7/1/12 - 6/30/13				500,136.00	(500,136.00)							
State Department of Agriculture															
Enterprise Fund:															
State School Lunch Program	13-100-010-3360-067	3,971.28	7/1/12 - 6/30/13				3,774.28	(3,971.28)				(197.00)			
State School Lunch Program	12-100-010-3360-067	4,510.17	7/1/11 - 6/30/12	(162.18)			162.18								
Total Enterprise Fund				(162.18)			3,936.46	(3,971.28)				(197.00)			
Total State Financial Assistance				\$ (793,603.28)		\$ 40,917.44	\$ 86,756.31	\$ (56,391.12)			\$ (42,181.23)		\$ 33,275.21	\$ 6,123,118.45	

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

**Township of Harrison School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2013**

1. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Board of Education, Township of Harrison School District. The Board of Education is defined in Note 1 to the School Districts basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is (\$40,259) for the general fund and (\$3,431) for the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Expenditures from awards and financial assistance revenues are reported in the School District's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund		\$ 7,966,655	\$ 7,966,655
Special Revenue Fund	\$ 433,243	51,960	485,203
Debt Service Fund		500,136	500,136
Food Service Fund	98,208	3,971	102,179
Total Awards & Financial Assistance	\$ 531,451	8,522,722	\$ 9,054,173

**Township of Harrison School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2013**

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2013. TPAF Social Security Contributions represents the amount reimbursed by the State for the School District's share of social security contributions for TPAF members for the year ended June 30, 2013.

6. MAJOR PROGRAMS

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

HARRISON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

State Awards Section

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

Auditee qualified as low-risk auditee? X yes no

Internal Control over major programs:

1) Material weaknesses identified? yes X no

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

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

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

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>13-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>13-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>13-495-034-5095-002</u>	<u>Reimbursed TPAF Social Security Contributions</u>
<u>13-495-034-5120-017</u>	<u>Debt Service Aid Type II</u>
<u>13-100-010-3350-023</u>	<u>School Lunch Program</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

**HARRISON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Section 2 -- Schedule of Financial Statement Findings

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

No findings identified.

**HARRISON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal and State programs, as required by OMB Circular A-133 and New Jersey Circular Letter 04-04.

FEDERAL AWARDS:

No findings and/or questioned costs identified.

STATE AWARDS:

No findings and/or questioned costs identified.

**HARRISON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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*, OMB Circular A-133 and State of New Jersey OMB's Circular 04-04.

FINANCIAL STATEMENT FINDINGS

There were no prior year audit findings

FEDERAL AWARDS

There were no prior year audit findings.

STATE AWARDS

There were no prior year audit findings.