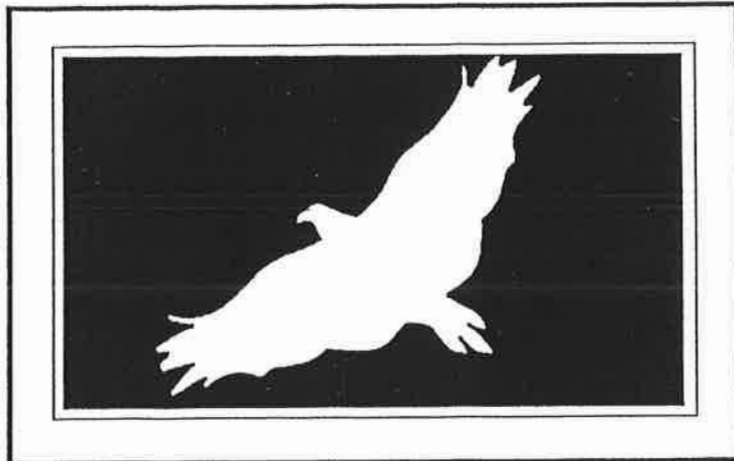


SCHOOL DISTRICT
OF

HARRISON TOWNSHIP



Harrison Township Board of Education
Harrison, New Jersey

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016

**Comprehensive Annual
Financial Report**

of the

Harrison Township Board of Education

Harrison, New Jersey

For the Fiscal Year Ended June 30, 2016

**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 30, 2016

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, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of federal regulations, cost principles, and audit requirements for federal awards (uniform guidance); and State of New Jersey Circular OMB 15-08. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels K through 6. These include regular, as well as special education for gifted and handicapped youngsters. The District completed the 2015-2016 fiscal year with an enrollment of 1,469 students, which is 31 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>
2015-16	1,460.2	1,398.7	(2.23%)	95.79%
2014-15	1,493.5	1,431.0	1.37%	95.82%
2013-14	1,473.3	1,417.5	2.18%	96.21%
2012-13	1,441.9	1,380.5	(2.73%)	95.74%
2011-12	1,482.30	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%

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

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

In the area of curriculum, our Mathematics and English Language Arts Curricula are aligned with the Common Core Standards. We will continue to follow any updates on the state level and will adjust our curriculum, as necessary, to ensure compliance. Our main resource in Language Arts Literacy is Pearson's Reading Street Series in Grades Kindergarten through Sixth and the Houghton Mifflin Harcourt's Math Expressions for Mathematics instruction in Grades Kindergarten through Fifth. We have also implemented a one to one Google Chrome Book initiative in grades two through six. In Kindergarten and First Grade, each classroom has been equipped with 4 iPads to assist in the supplemental and extension instruction with our youngest readers and mathematicians.

3) MAJOR INITIATIVES (Cont'd):

Staff training has also taken place in the following areas:

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

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

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

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

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

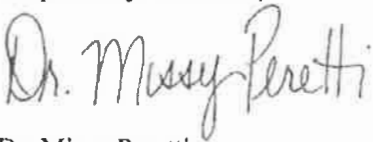
9) OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Inverso & Stewart, LLC, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 as amended in 1996 and the related OMB Circular A-133 and New Jersey OMB's Circular 15-08. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10) ACKNOWLEDGMENTS

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

Respectfully submitted,



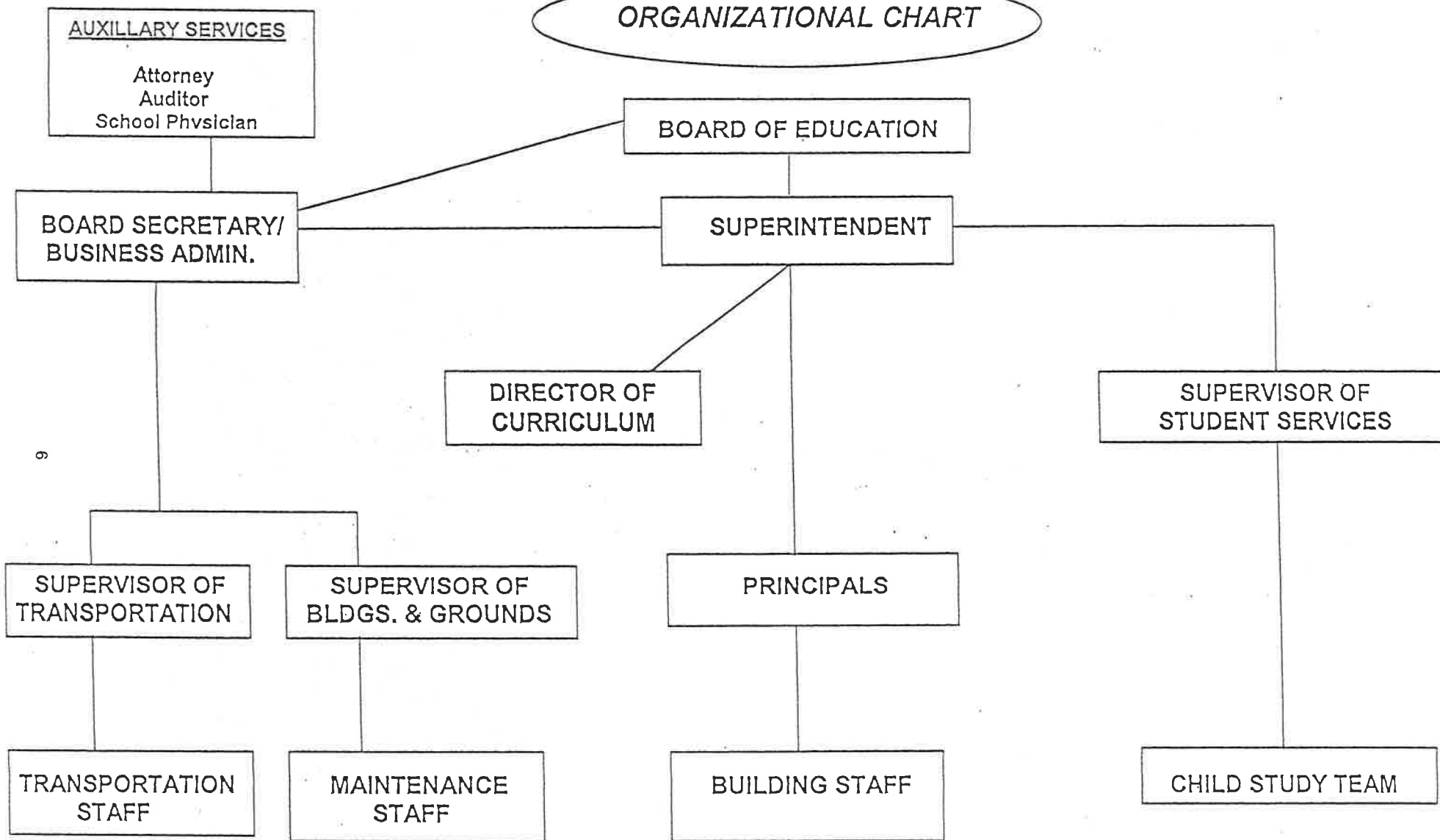
Dr. Missy Peretti
Superintendent



Robert E. Scharlé
School Business Administrator/Board Secretary

HARRISON TOWNSHIP SCHOOL DISTRICT
MULLICA HILL, NEW JERSEY

ORGANIZATIONAL CHART



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

***ROSTER OF OFFICIALS
JUNE 30, 2016***

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Barbara Beske, President	2016
Joseph Schwab, Vice-President	2018
Cristie Clark	2017
Kristin DeSimone	2016
Stephen Houpt	2018
Stacey Muscarella	2017
Mark Sterling	2018
Theresa Vaites	2016
Shannon Williams	2016

Other Officials

Dr. Missy Peretti, Superintendent

Robert E. Scharlé, School Business Administrator/Board Secretary

Robert Muccilli, Solicitor

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

Consultants and Advisors

AUDIT FIRM

Inverso & Stewart, LLC
651 Route 73 North - Suite 402
Marlton, New Jersey 08053

ATTORNEY

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

FISCAL AGENT(S)

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

OFFICIAL DEPOSITORY

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

Financial Section

INVERSO & STEWART, LLC
Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members
of the Board of Education
Harrison Township School District
County of Gloucester
Harrison 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, 2016, 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, 2016, 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, budgetary comparison information, and pension 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 Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Treasury Circular OMB 15-08, as applicable, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated September 30, 2016 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 30, 2016

INVERSO & STEWART, LLC
 Certified Public Accountants

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 New Jersey Society of CPAs

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

INDEPENDENT AUDITOR'S REPORT

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Harrison Township School District, in the County of Gloucester, State of New Jersey, as of and for the year ended June 30, 2016, 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 30, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant

Marlton, New Jersey
September 30, 2016

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, 2016**

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, 2016. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$4,393,944.15 (*net position*).
- Governmental activities have unrestricted deficit net position of \$6,483,641. The accounting treatments in the governmental funds for compensated absences payable, net pension liability, the last two state aid payments, and the state statute that prohibits school districts from maintaining more than 2% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net position of the School District increased \$157,578.25, or a 3.72% increase from the prior fiscal year-end balance.
- Fund balance of the School District's governmental funds increased \$216,096 resulting in an ending fund balance of \$1,406,553. This increase is due to the results of operations in the general fund.
- Business-type activities have unrestricted net position of \$40,106, 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 \$660,803 which is the result of the payment of bond principal, payment of 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 2016. 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 2016.

The assets of the primary government activities exceeded liabilities by \$4,344,284 with an unrestricted deficit balance of \$6,483,641. The net position of the primary government does not include internal balances.

A net investment of \$9,189,757 in land, improvements, buildings, equipment and vehicles provides the services to the School District's 1,460 public school students. Net position of \$6,573 has been restricted to provide resources for future capital expansion and renovation projects; \$6,722 has been restricted for future debt obligations and \$100,823 has been restricted for maintenance while \$1,524,050 has been restricted for budget appropriation.

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

**Township of Harrison School District
Comparative Summary of Net Position
As of June 30, 2016 and 2015**

	Governmental Activities		Business-Type Activities		District-Wide	
	2016	2015	2016	2015	2016	2015
Assets:						
Current assets	\$ 1,426,908	\$ 1,298,099	\$ 56,065	\$ 25,251	\$ 1,482,973	\$ 1,323,350
Capital assets	<u>14,981,571</u>	<u>15,570,503</u>	<u>9,554</u>	<u>22,928</u>	<u>14,991,125</u>	<u>15,593,431</u>
Total assets	<u>16,408,479</u>	<u>16,868,602</u>	<u>65,619</u>	<u>48,179</u>	<u>16,474,098</u>	<u>16,916,781</u>
Deferred Outflows of Resources	<u>1,193,181</u>	<u>417,617</u>			<u>1,193,181</u>	<u>417,617</u>
Liabilities:						
Current Liabilities	983,248	999,503	15,959	10,506	999,207	1,010,009
Noncurrent Liabilities	<u>12,084,465</u>	<u>11,658,058</u>			<u>12,084,465</u>	<u>11,658,058</u>
Total liabilities	<u>13,067,713</u>	<u>12,657,561</u>	<u>15,959</u>	<u>10,506</u>	<u>13,083,672</u>	<u>12,668,067</u>
Deferred Inflows of Resources	<u>189,663</u>	<u>429,965</u>			<u>189,663</u>	<u>429,965</u>
Net position	<u>\$ 4,344,284</u>	<u>\$ 4,198,693</u>	<u>\$ 49,660</u>	<u>\$ 37,673</u>	<u>\$ 4,393,944</u>	<u>\$ 4,236,366</u>
Net position consist of:						
Net investment in						
capital assets	\$ 9,189,757	\$ 9,080,503	\$ 9,554	\$ 22,928	\$ 9,199,311	\$ 9,103,431
Restricted	1,638,168	1,394,118			1,638,168	1,394,118
Unrestricted	<u>(6,483,641)</u>	<u>(6,275,928)</u>	<u>40,106</u>	<u>14,745</u>	<u>(6,443,535)</u>	<u>(6,261,183)</u>
Net position	<u>\$ 4,344,284</u>	<u>\$ 4,198,693</u>	<u>\$ 49,660</u>	<u>\$ 37,673</u>	<u>\$ 4,393,944</u>	<u>\$ 4,236,366</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 gain of \$11,987.

Township of Harrison School District
Comparative Schedule of Changes in Net Position
As of and for the Fiscal Year Ended June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		District-Wide	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues						
Charges for services	\$ -	\$ -	\$ 242,634	\$ 259,726	\$ 242,634	\$ 259,726
Operating grants and Contributions	2,836,049	2,513,865	102,794	103,210	2,938,843	2,617,075
Capital grants and Contributions						
General Revenues:						
Property Taxes	12,431,209	12,025,743			12,431,209	12,025,743
Unrestricted State Aid	6,096,241	6,535,903			6,096,241	6,535,903
Tuition	122,489	230,216			122,489	230,216
Other Revenues	162,291	130,241			162,291	130,241
Total Revenues	21,648,279	21,435,968	345,428	362,936	21,993,707	21,798,904
Expenses:						
Governmental Activities:						
Instruction	9,008,770	9,051,338			9,008,770	9,051,338
Tuition	431,413	602,957			431,413	602,957
Related Services	1,596,051	1,443,478			1,596,051	1,443,478
Administrative Services	1,072,631	995,175			1,072,631	995,175
Operations and Maintenance	2,059,732	1,821,400			2,059,732	1,821,400
Transportation	1,314,412	1,312,316			1,314,412	1,312,316
Central Services	313,029	597,866			313,029	597,866
Interest on long-term Debt	354,418	278,452			354,418	278,452
Other	25,177	42,607			25,177	42,607
Unallocated benefits	5,327,055	4,766,979			5,327,055	4,766,979
Business-Type Activities:						
Food Service Operations			333,441	387,888	333,441	387,888
Total Expenses	21,502,688	20,912,568	333,441	387,888	21,836,129	21,300,439
Increase in net position						
Before transfers	145,591	523,400	11,987	(24,952)	157,578	498,448
Transfers						
Changes in net position	145,591	523,400	11,987	(24,952)	157,578	498,448
Net position, July 1,	4,198,693	3,675,293	37,673	62,625	4,236,366	3,737,918
Net position, June 30,	\$ 4,344,284	\$ 4,198,693	\$ 49,660	\$ 37,673	\$ 4,393,944	\$ 4,236,366

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 \$1,406,553, an increase of \$216,096 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 \$231,615 in the General Fund and \$6,722 in the Debt Service Fund. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) as restricted cash reserved for future capital outlay expenditures \$6,573, 2) appropriated as a revenue source in the subsequent year's budget \$640,027, 3) reserve for encumbrances \$251,090 4) reserved for maintenance \$100,823 or 5) reserved for future budget appropriation in accordance with state statutes \$632,932.

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 \$367,764, while total fund balance (budgetary basis) was \$1,999,210. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$19,935,910. Unreserved fund balance (budgetary basis) represents 1.84% of expenditures while total fund balance (budgetary basis) represents 10.03% 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, 2016, totaled \$14,991,125 (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 \$602,306, or a 3.86% decrease. The decrease is primarily due to depreciation expense.

**Township of Harrison School District
Capital Assets (net of accumulated depreciation)
June 30, 2016 and 2015**

	Governmental Activities		Business-Type Activities		District-Wide	
	2016	2015	2016	2015	2016	2015
Land	\$ 430,000	\$ 430,000	\$ -	\$ -	\$ 430,000	\$ 430,000
Buildings and Building Improvements	13,838,174	14,482,234			13,838,174	14,482,234
Equipment	713,397	658,269	9,554	22,928	722,951	681,197
Total	\$ 14,981,571	\$ 15,570,503	\$ 9,554	\$ 22,928	\$ 14,991,125	\$ 15,593,431

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, 2016, the School District had \$5,245,000 in serial bonds payable, \$130,000 in capital leases payable and \$477,372 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 \$35,411,007. The available amount as of June 30, 2016 was \$30,166,007.

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 2016-17 fiscal year.

- For the 2016-17 fiscal year the School District will be receiving a slight decrease in state aid. The local tax levy in the General Fund increased by \$164,382 or 1.39%. The 2016-17 General Fund Budget increased \$270,549 over previous year. The tax rate for 2016 is \$.893, which is the same as the previous year.

Requests for Information

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

Basic Financial Statements

District-Wide Financial Statements

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 1,232,705.52	\$ 39,179.56	\$ 1,271,885.08
Receivables, net	86,806.28	6,132.28	92,938.56
Inventory		10,753.50	10,753.50
Restricted assets:			
Capital reserve account	6,573.49		6,573.49
Maintenance reserve account	100,823.14		100,823.14
Capital assets, net (Note 5)	<u>14,981,571.00</u>	<u>9,554.00</u>	<u>14,991,125.00</u>
Total assets	<u>16,408,479.43</u>	<u>65,619.34</u>	<u>16,474,098.77</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources from pensions	<u>1,193,181.00</u>		<u>1,193,181.00</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>17,601,660.43</u>	<u>65,619.34</u>	<u>17,667,279.77</u>
LIABILITIES:			
Accounts payable	6,103.52	7,210.75	13,314.27
Intergovernmental payable:			
State	11,752.06		11,752.06
Unearned revenue	2,500.00	8,748.41	11,248.41
Accrued interest due within one year	69,322.96		69,322.96
Noncurrent liabilities:			
Due within one year	893,569.47		893,569.47
Due beyond one year	<u>12,084,465.45</u>		<u>12,084,465.45</u>
Total liabilities	<u>13,067,713.46</u>	<u>15,959.16</u>	<u>13,083,672.62</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of resources from pensions	<u>189,663.00</u>		<u>189,663.00</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>13,257,376.46</u>	<u>15,959.16</u>	<u>13,273,335.62</u>
NET POSITION:			
Net investment in capital assets	9,189,757.00	9,554.00	9,199,311.00
Restricted for:			
Debt Service	6,722.31		6,722.31
Capital Projects	6,573.49		6,573.49
Other purposes	1,624,872.17		1,624,872.17
Unrestricted	<u>(6,483,641.00)</u>	<u>40,106.18</u>	<u>(6,443,534.82)</u>
Total net position	<u>\$ 4,344,283.97</u>	<u>\$ 49,660.18</u>	<u>\$ 4,393,944.15</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, 2016

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	\$ 6,412,061.40	\$ -	\$ 83,363.02	\$ -	\$ (6,328,698.38)	\$ -	\$ (6,328,698.38)
Special education	1,714,530.86				(1,714,530.86)		(1,714,530.86)
Other instruction	882,177.45		4,588.98		(877,588.47)		(877,588.47)
Support Services:							
Tuition	431,412.93		328,977.00		(102,435.93)		(102,435.93)
Student & instruction related services	1,596,050.63		81,161.24		(1,514,889.39)		(1,514,889.39)
General administrative services	493,997.11				(493,997.11)		(493,997.11)
School administrative services	578,634.73				(578,634.73)		(578,634.73)
Central services	313,029.49				(313,029.49)		(313,029.49)
Plant operations and maintenance	2,059,732.32				(2,059,732.32)		(2,059,732.32)
Pupil transportation	1,314,411.73				(1,314,411.73)		(1,314,411.73)
Unallocated employee benefits	5,327,054.98		2,014,345.07		(3,312,709.91)		(3,312,709.91)
Interest and other costs on long-term debt	354,417.69		323,614.00		(30,803.69)		(30,803.69)
Unallocated depreciation and amortization	25,176.55				(25,176.55)		(25,176.55)
Total governmental activities	<u>21,502,687.87</u>	<u>-</u>	<u>2,836,049.31</u>	<u>-</u>	<u>(18,666,638.56)</u>	<u>-</u>	<u>(18,666,638.56)</u>
Business-type activities:							
Food service program	<u>333,440.54</u>	<u>242,634.06</u>	<u>102,793.81</u>	<u>-</u>	<u>-</u>	<u>11,987.33</u>	<u>11,987.33</u>
Total business-type activities	<u>333,440.54</u>	<u>242,634.06</u>	<u>102,793.81</u>	<u>-</u>	<u>-</u>	<u>11,987.33</u>	<u>11,987.33</u>
Total primary government	<u>21,836,128.41</u>	<u>242,634.06</u>	<u>2,938,843.12</u>	<u>-</u>	<u>(18,666,638.56)</u>	<u>11,987.33</u>	<u>(18,654,651.23)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					11,760,498.00		11,760,498.00
Taxes levied for debt service					670,711.00		670,711.00
Federal and state aid not restricted					6,096,240.60		6,096,240.60
Tuition charges					122,489.04		122,489.04
Transportation charges					77,940.00		77,940.00
Investment earnings					338.48		338.48
Miscellaneous income					84,012.36		84,012.36
Total general revenues, special items, extraordinary items and transfers					<u>18,812,229.48</u>	<u>-</u>	<u>18,812,229.48</u>
Change in Net Position					145,590.92	11,987.33	157,578.25
Net Position - July 1					<u>4,198,693.05</u>	<u>37,672.85</u>	<u>4,236,365.90</u>
Net Position - June 30					<u>\$ 4,344,283.97</u>	<u>\$ 49,660.18</u>	<u>\$ 4,393,944.15</u>

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

Fund Financial Statements

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

ASSETS	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 1,225,983.21	\$ -	\$ -	\$ 6,722.31	\$ 1,232,705.52
Receivables, net	65,653.07	15,153.21	-	-	80,806.28
Interfund receivable	6,674.65	-	-	-	6,674.65
Restricted cash and cash equivalents	107,396.63	-	-	-	107,396.63
Total assets	1,405,707.56	15,153.21	-	6,722.31	1,427,583.08
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	3,377.02	2,726.50	-	-	6,103.52
Intergovernmental payable:					
State	-	11,752.06	-	-	11,752.06
Unearned revenues	2,500.00	-	-	-	2,500.00
Interfund payable	-	674.65	-	-	674.65
Total liabilities	5,877.02	15,153.21	-	-	21,030.23
Fund Balances:					
Restricted for:					
Excess surplus	630,440.39	-	-	-	630,440.39
Excess Surplus - Designated for Subsequent Year's Expenditures	614,687.48	-	-	-	614,687.48
Capital reserve account	6,573.49	-	-	-	6,573.49
Maintenance reserve account	100,823.14	-	-	-	100,823.14
Assigned to:					
Year-end encumbrances	251,089.64	-	-	-	251,089.64
Designated for subsequent year's expenditures	27,831.52	-	-	-	27,831.52
Unassigned	(231,615.12)	-	-	6,722.31	(224,892.81)
Total fund balances	1,399,830.54	-	-	6,722.31	1,406,552.85
Total liabilities and fund balances	\$ 1,405,707.56	\$ 15,153.21	\$ -	\$ 6,722.31	

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 \$29,992,806.00 and the accumulated depreciation is \$15,011,235.00.	14,981,571.00
Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the funds.	(69,322.96)
The District's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:	
Deferred Outflows of resources from Pensions	1,193,181.00
Net Pension Liability	(6,708,849.00)
Deferred Inflows of resources from Pensions	(189,663.00)
	(5,705,331.00)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Serial bonds payable	(5,661,814.00)
Capital leases payable	(130,000.00)
Compensated absences	(477,371.92)
Net position of governmental activities	\$ 4,344,283.97

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, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 11,760,498.00	\$ -	\$ -	\$ 670,711.00	\$12,431,209.00
Tuition charges	122,489.04				122,489.04
Transportation fees	77,940.00				77,940.00
Capital Reserve - Interest earned	1.46				1.46
Maintenance Reserve - Interest earned	337.02				337.02
Miscellaneous	84,012.36				84,012.36
Total revenues-local sources	12,045,277.88		-	670,711.00	12,715,988.88
State sources	8,161,558.07	51,403.24	(61,551.40)	323,614.00	8,475,023.91
Federal sources	-	457,266.00			457,266.00
Total revenues	20,206,835.95	508,669.24	(61,551.40)	994,325.00	21,648,278.79
EXPENDITURES:					
Current expense:					
Regular instruction	5,693,320.88	83,363.02			5,776,683.90
Special education instruction	1,714,530.86				1,714,530.86
Other instruction	877,588.47	4,588.98			882,177.45
Support services and undistributed costs:					
Tuition	102,435.93	328,977.00			431,412.93
Student & instruction related services	1,514,889.39	81,161.24			1,596,050.63
General administrative services	408,569.11				408,569.11
School administrative services	578,634.73				578,634.73
Central services	313,029.49				313,029.49
Plant operations and maintenance	1,978,556.76				1,978,556.76
Pupil transportation	1,314,411.73				1,314,411.73
Unallocated employee benefits	5,156,561.98	10,579.00			5,167,140.98
Capital outlay	283,380.56				283,380.56
Debt service:					
Principal				795,000.00	795,000.00
Interest and other charges				198,005.00	198,005.00
Expense of Refunding Bonds				88,730.00	88,730.00
Total expenditures	19,935,909.89	508,669.24	-	1,081,735.00	21,526,314.13
Excess (deficiency) of revenues over (under) expenditures	270,926.06	-	(61,551.40)	(87,410.00)	121,964.66
Other Financing Sources (Uses):					
Proceeds of Refunding Bonds				5,310,797.05	5,310,797.05
Payment to Refunded Bond Agent				(5,216,665.74)	(5,216,665.74)
Transfers in	92,327.10				92,327.10
Transfers out			(92,327.10)		(92,327.10)
Total other financing sources (uses)	92,327.10	-	(92,327.10)	94,131.31	94,131.31
Net change in fund balance	363,253.16	-	(153,878.50)	6,721.31	216,095.97
Fund balances, July 1	1,036,577.38		15,878.50	1.00	1,190,456.88
Fund balances, June 30	\$ 1,399,830.54	\$ -	\$ -	\$ 6722.31	\$ 1,406,552.85

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, 2016

Total net change in fund balances - governmental funds (from B-2)	\$	216,095.97
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p style="margin-left: 40px;">Capital outlays are reported in the governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current fiscal year.</p>		
Depreciation expense	\$ (854,279.00)	
Capital outlay	<u>265,347.00</u>	(588,932.00)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities.		1,050,000.00
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of these differences.		(416,814.00)
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities.		65,000.00
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.		17,537.45
Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities.		(159,914)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		<u>(37,382.50)</u>
Change in net position of governmental activities	\$	<u>145,590.92</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, 2016

	<u>Business-type Activities Enterprise Funds</u>
	<u>2016</u>
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 39,179.56
Accounts receivable	6,132.28
Inventories	<u>10,753.50</u>
Total current assets	<u>56,065.34</u>
Noncurrent assets:	
Equipment	295,528.00
Less accumulated depreciation	<u>(285,974.00)</u>
Total noncurrent assets	<u>9,554.00</u>
Total assets	<u>\$ 65,619.34</u>
 LIABILITIES:	
Current liabilities:	
Accounts Payable	\$ 7,210.75
Unearned revenue	<u>8,748.41</u>
Total liabilities	<u>15,959.16</u>
 NET ASSETS:	
Invested in capital assets net of related debt	9,554.00
Unrestricted	<u>40,106.18</u>
Total net position	<u>\$ 49,660.18</u>

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
for the Fiscal Year Ended June 30, 2016

	<u>Business-type Activities Enterprise Funds</u>
	<u>2016</u>
Operating revenues:	
Charges for services:	
Daily sales-reimbursable programs	\$ 132,829.38
Daily sales-non-reimbursable programs	109,804.68
	<hr/>
Total operating revenue	242,634.06
	<hr/>
Operating expenses:	
Salaries	132,485.16
Benefits	8,239.56
Supplies and materials	12,495.58
Depreciation	13,374.00
Management fee	20,292.18
Direct expenses	520.35
Repairs and maintenance	4,284.84
Cost of sales - reimbursable programs	79,701.08
Cost of sales - non-reimbursable programs	65,885.67
	<hr/>
Total operating expenses	337,278.42
	<hr/>
Operating income (loss)	(94,644.36)
	<hr/>
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	3,199.72
Federal sources:	
National school lunch program	68,449.66
U.S.D.A. commodities	34,982.31
	<hr/>
Total nonoperating revenues (expenses)	106,631.69
	<hr/>
Change in net position	11,987.33
	<hr/>
Total net position - July 1	37,672.85
	<hr/>
Total net position - June 30	\$ 49,660.18
	<hr/> <hr/>

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, 2016

	<u>Business-type Activities Enterprise Funds</u>
	<u>2016</u>
Cash flows from operating activities:	
Receipts from customers	\$ 251,419.72
Payments to employees	(140,724.72)
Payments to suppliers	(150,433.21)
Net cash used for operating activities	<u>(39,738.21)</u>
Cash flows from noncapital financing activities:	
State sources	3,513.96
Federal sources	74,620.24
Net cash provided by non-capital financing activities	<u>78,134.20</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	38,395.99
Balances - July 1	<u>783.57</u>
Balances - June 30	<u>\$ 39,179.56</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (94,644.36)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	13,374.00
Federal commodities	34,982.31
(Increase) decrease in accounts receivable	3,332.46
(Increase) decrease in inventories	(2,235.82)
Increase (decrease) in accounts payable	7,210.75
Increase (decrease) in deferred revenue	(1,757.55)
Total adjustments	<u>54,906.15</u>
Net cash provided by (used for) operating activities	<u>\$ (39,738.21)</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, 2016

	<u>Unemployment Compensation</u>	<u>Flexible Spending Account</u>	<u>Agency Funds</u>
ASSETS:			
Cash and cash equivalents	\$ 115,749.97	\$ 6,405.64	\$ 62,770.32
Accounts Receivable			
	<hr/>	<hr/>	<hr/>
Total assets	<u>115,749.97</u>	<u>6,405.64</u>	<u>62,770.32</u>
LIABILITIES:			
Payroll deductions and withholdings	\$ -	\$ -	\$ 4,193.81
Due to student groups			58,576.51
Interfund payable		6,000.00	
	<hr/>	<hr/>	<hr/>
Total liabilities	\$ -	<u>\$ 6,000.00</u>	<u>\$ 62,770.32</u>
Net Position:			
Held in trust for unemployment claims	<u>\$ 115,749.97</u>		
Held in trust for claims		<u>\$ 405.64</u>	

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2016

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Account</u>
ADDITIONS:		
Board contributions	\$ 10,000.00	\$ -
Employee contributions	31,660.16	8,470.00
Interest on Investments	283.50	
Net contributions	<u>41,943.66</u>	<u>8,470.00</u>
DEDUCTIONS:		
Flexible Spending Account Claims		8,691.45
Unemployment Claims	11,336.36	
Total deductions	<u>11,336.36</u>	<u>8,691.45</u>
 Change in net position	 30,607.30	 (221.45)
Net position - July 1	<u>85,142.67</u>	<u>627.09</u>
Net position - June 30	<u>\$ 115,749.97</u>	<u>\$ 405.64</u>

Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Township of Harrison School District (District) is a Type II school district located in Gloucester County, New Jersey and covers an area of approximately 20 miles. As a Type II school district, it functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the District is to provide educational services for all of the Township of Harrison's students in grades K through 6. The Township of Harrison School District has an approximate enrollment at June 30, 2016 of 1,460 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, 2016

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, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The School District's enterprise fund is:

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

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

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

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

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

Measurement Focus

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

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

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

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

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

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, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

N.J.S.A. 17:9-41et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (GUDPA), a multiple financial institution collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or Federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

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

Tuition Payable - Tuition charges for the fiscal years ended June 30, 2016 and 2015 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, 2016**

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, 2016.

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

Deferred Outflows/Inflows of Resources – In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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

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

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

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

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

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts. The School District had no nonspendable fund balance at June 30, 2016.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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

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

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

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

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

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

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

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

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

Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

In December 2015, the GASB issued Statement 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued) - In March 2016, the GASB issued Statement 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. Furthermore, this Statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice issued by the Actuarial Standards Board, from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statement 67, Statement 68, or Statement 73 for the selection of assumptions used in determining the total pension liability and related measures. Also, this Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements.

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 \$2,007,961 as of June 30, 2016, \$250,000 was insured under FDIC and the remaining balance of \$1,757,961 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.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

3. CAPITAL RESERVE ACCOUNT (Continued)

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Balance – July 1, 2015	\$	439
Increased by:		
Transfer from Capital Projects		6,133
Interest Earned		<u>1</u>
		6,573
Decreased by:		
		<u>-</u>
Balance – June 30, 2016	\$	<u>6,573</u>

The June 30, 2016 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted capital projects.

4. ACCOUNTS RECEIVABLE

Receivables at June 30, 2016 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>Capital Projects Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
State Aid	\$ 59,238	\$ 6,690	\$ -	\$ 281	\$ 59,519
Federal Aid		8,463		5,851	21,004
Tuition fees	3,288				3,288
Other	<u>3,127</u>				<u>3,127</u>
Total	<u>\$ 65,653</u>	<u>\$ 15,153</u>	<u>\$ -</u>	<u>\$ 6,132</u>	<u>\$ 86,938</u>

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Balance June 30, 2016</u>
Governmental Activities:				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 430,000	\$ -	\$ -	\$ 430,000
Construction in progress	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total capital assets, not being Depreciated	<u>430,000</u>	<u> </u>	<u> </u>	<u>430,000</u>
<i>Capital Assets, being depreciated:</i>				
Site and Site Improvements	1,232,803			1,232,803
Building and Building Improvements	25,172,745			25,172,745
Equipment (Restated)	<u>3,114,417</u>	<u>284,941</u>	<u>(242,100)</u>	<u>3,157,258</u>
Totals at historical cost	<u>29,519,965</u>	<u>284,941</u>	<u>(242,100)</u>	<u>29,562,806</u>
<i>Less Accumulated Depreciation:</i>				
Site and Site Improvements	(1,068,453)	(41,082)		(1,109,535)
Building and Building Improvements	(10,854,861)	(602,978)		(11,457,839)
Equipment (Restated)	<u>(2,456,148)</u>	<u>(210,219)</u>	<u>222,506</u>	<u>(2,443,861)</u>
Totals accumulated depreciation	<u>(14,379,462)</u>	<u>(854,279)</u>	<u>222,506</u>	<u>(15,011,235)</u>
Total Capital Assets, being depreciated, net	<u>15,140,503</u>	<u>(569,338)</u>	<u>(19,594)</u>	<u>14,551,571</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,570,503</u>	<u>\$ (569,338)</u>	<u>\$ (19,594)</u>	<u>\$ 14,981,571</u>
Business-Type Activities:				
<i>Capital Assets, being depreciated:</i>				
Equipment	\$ 295,528	\$	\$	\$ 295,528
Less accumulated depreciation	<u>(272,600)</u>	<u>(13,374)</u>	<u> </u>	<u>(285,974)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 22,928</u>	<u>\$ (13,374)</u>	<u>\$ -</u>	<u>\$ 9,554</u>

Depreciation expense in the amount of \$854,279 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Instruction	\$ 597,995
General Administration	85,428
Plant Operations and Maintenance	128,142
Unallocated	<u>42,714</u>
Total	<u>\$ 854,279</u>

6. INVENTORY

Inventory in the Food Service Fund at June 30, 2016 consisted of the following :

Food	\$ 8,614
Supplies	<u>2,139</u>
	<u>\$ 10,753</u>

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

7. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2016, the following changes occurred in long-term obligations:

<u>Governmental Activities:</u>	<u>Principal Outstanding July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2016</u>	<u>Amounts Due Within One Year</u>
Serial Bonds Payable	\$ 6,295,000	\$ 4,860,000	\$ 5,910,000	\$ 5,245,000	\$ 740,000
Unamortized Premiums		449,597	32,783	416,814	56,200
Capital Leases Payable	195,000		65,000	130,000	65,000
Compensated Absences	439,989	37,383		477,372	32,369
Net Pension Liability	<u>5,533,069</u>	<u>1,175,780</u>		<u>6,708,849</u>	
Total Governmental Activity	<u>\$ 12,463,058</u>	<u>\$ 6,522,760</u>	<u>\$ 6,007,783</u>	<u>\$ 12,978,035</u>	<u>\$ 893,569</u>

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

2003 General Obligation Bonds dated February 1, 2003 in the amount of \$440,000 due in annual installments through February 1, 2018 bearing a variable interest rate ranging from 3.75% to 3.875%.

2006 Refunding Bonds dated December 1, 2015 in the amount of \$4,805,000 due in annual installments through March 1, 2024 bearing a variable interest rate ranging from 2.00% to 4.00%.

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>
2017	\$ 740,000	\$ 203,775	\$ 943,775
2018	755,000	179,925	934,925
2019	560,000	150,000	710,000
2020	580,000	127,600	707,600
2021	625,000	104,400	729,400
2022-2025	<u>1,985,000</u>	<u>159,200</u>	<u>2,144,200</u>
	<u>\$ 5,245,000</u>	<u>\$ 924,900</u>	<u>\$ 6,169,900</u>

As of June 30, 2016 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.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

7. LONG-TERM OBLIGATIONS (Continued)

Capital Leases

The District is leasing four school buses totaling \$130,000 under capital leases. The following is a schedule of the future minimum lease payments under these capital lease agreements:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 65,000	\$ 1,741	\$ 66,741
2018	<u>65,000</u>	<u>870</u>	<u>65,870</u>
	<u>\$ 130,000</u>	<u>\$ 2,611</u>	<u>\$ 132,611</u>

8. OPERATING LEASES

At June 30, 2016, the District had operating lease agreements in effect for copiers.

Total operating lease payments made during the year ended June 30, 2016, and 2015 were \$62,329 and \$66,998 respectively. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2017	\$ 56,676
June 30, 2018	24,591
June 30, 2019	19,502
June 30, 2020	6,501
Total future minimum lease payments	<u>\$ 107,270</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 Chapters 113, 114, 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92 P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

9. PENSION PLANS (Continued)

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

The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the year ended June 30, 2016, the District recognized pension expense of \$3,062,866 and revenue of \$3,062,866 for support provided by the State. Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district.

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

	06/30/15	06/30/14
Collective deferred outflows of resources	\$ 7,521,378,257	\$ 2,306,623,861
Collective deferred inflows of resources	554,399,005	1,763,205,593
Collective net pension liability (Non-Employer – State of New Jersey)	63,577,864,440	53,446,745,367
State's portion of the net pension liability that was associated with the district	50,162,393	42,065,146
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	.0793655108%	.0787047848%

Actuarial assumptions – The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

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

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

9. PENSION PLANS (Continued)

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	05.00%	0.53%
Government Bonds	01.75%	1.39%
Credit Bonds	13.50%	2.72%
Mortgages	02.10%	2.54%
Inflation-Indexed Bonds	01.50%	1.47%
High Yield Bonds	02.00%	4.57%
Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	06.40%	8.46%
Private Real Estate Property	04.25%	3.97%
Timber	01.00%	4.09%
Farmland	01.00%	4.61%
Private Equity	09.25%	9.15%
Commodities	01.00%	3.58%
Hedge Funds – MultiStrategy	04.00%	4.59%
Hedge Funds – Equity Hedge	04.00%	5.68%
Hedge Funds - Distressed	04.00%	4.30%
	100.00%	

Discount rate. The discount rate used to measure the State's total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS)

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase is being phased-in over seven years beginning on July 1, 2012 and increases each subsequent July 1. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

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

<u>Fiscal Year</u>	<u>Normal Contributions</u>	<u>Adjustment</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Total Liability Paid by District</u>
2016	\$ 43,499	\$ -	\$ 200,384	\$ 13,058	\$ 256,941
2015	40,559	-	187,615	15,454	243,628
2014	41,424	-	182,125	3,802	227,351

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the year ended June 30, 2016, the District recognized pension expense of \$433,393. At June 30, 2016, the District reported a liability of \$6,708,849 for its proportionate share of the PERS net pension liability and deferred outflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 160,050	\$ -
Changes of assumptions	720,477	
Net Difference between projected and actual earnings on pension plan investments		107,865
Changes in proportion	52,975	81,798
District contributions subsequent to the measurement date	259,679	
Total	\$ 1,193,181	\$ 189,663

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

\$259,679 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net liability in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended:	Net Deferred Outflows of Resources
2016	\$ 125,385
2017	125,385
2018	125,385
2019	232,876
2020	134,808
Total	\$ 743,839

Additional Information

Collective balances at June 30, 2015 and 2014 are as follows:

	6/30/2015	6/30/2014
Collective deferred outflows of resources	\$ 3,578,755,666	\$ 952,194,675
Collective deferred inflows of resources	\$ 993,410,455	\$ 1,479,224,662
Collective net pension liability	\$ 22,447,996,119	\$ 18,722,735,003
District's Proportion	.0298861806%	.0295526762%

Actuarial assumptions – The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

- Inflation rate: 3.04%
- Salary Increases:
 - 2012-2021: 2.15-4.40% based on age
 - Thereafter: 3.15-5.40% based on age
- Investment Rate of Return: 7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	05.00%	01.04%
U.S. Treasuries	01.75%	01.64%
Investment Grade Credit	10.00%	01.79%
Mortgages	02.10%	01.62%
High Yield Bonds	02.00%	04.03%
Inflation Indexed Bonds	01.50%	03.25%
Broad US Equities	27.25%	08.52%
Developed Foreign Equities	12.00%	06.88%
Emerging Market Equities	06.40%	10.00%
Private Equity	09.25%	12.41%
Hedge Funds/Absolute Ret	12.00%	04.72%
Real Estate (Property)	02.00%	06.83%
Commodities	01.00%	05.32%
Global Debt ex US	03.50%	-0.40%
REIT	04.25%	5.12%
	100.00%	

Discount rate. The discount rate used to measure the State's total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.8% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability measured as of June 30, 2015, calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.90%) or 1 percentage point higher (5.90%) than the current rate:

	<u>1% Decrease (3.90%)</u>	<u>Current Discount Rate (4.90%)</u>	<u>1% Increase (5.90%)</u>
District's proportionate share of the net pension liability	\$ 8,338,278	\$ 6,708,849	\$ 5,342,747

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

Defined Contribution Retirement Program (DCRP)

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

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

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

<u>Year</u>	<u>Employer Liability</u>	<u>Paid by School District</u>
2016	\$ 18,943	\$ 18,943
2015	14,824	14,824
2014	11,095	11,095

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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

10. POST-RETIREMENT BENEFITS (Continued)

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

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, 2016 was \$756,857 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.

The School Employees Health Benefits Program (SEHBP) 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 Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website.

11. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2016, the School District has recognized as revenues and expenditures \$635,627 of on-behalf payments made by the State of New Jersey for normal retirement costs related to TPAF and \$611,282 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.

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.

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

12. RISK MANAGEMENT (Continued)

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>
2015-2016	\$ 10,000	\$ 31,660	\$ 283	\$ 11,336	\$ 115,750
2014-2015	5,280	30,511	165	50,342	85,143
2013-2014	10,000	29,852	155	19,306	99,529
2012-2013	10,000	29,776	291	44,048	78,828
2011-2012		29,175	898	44,729	81,809

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, 2016, the liability for compensated absences in the governmental fund was \$477,372.

15. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables/payables are recorded to cover temporary cash shortages and/or timing differences in the respective funds. There are no interfund balances that are not expected to be repaid by June 30, 2016. The following interfund balances were recorded on the various balance sheets as of June 30, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 6,675	\$ -
Special Revenue		675
Fiduciary		6,000
	<u>\$ 6,675</u>	<u>\$ 6,675</u>

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

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, 2016, 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 \$231,615, in the General Fund as of June 30, 2016 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenues, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payment, the general and special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$231,615 is equal to or less than the June state aid payment.

18. DEFICIT UNRESTRICTED NET POSITION

As of June 30, 2016, a deficit of \$6,483,641 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, 2016	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds):	
Fund Balance – Unassigned	\$ (231,615.12)
Liabilities:	
Accrued Interest Payable	(69,322.96)
Net Pension Differences	(5,705,331.00)
Compensated Absences	<u>(477,371.92)</u>
Unrestricted Net position (Deficit)	<u>\$ (6,483,641.00)</u>

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

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, 2016 is \$630,440 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$614,687 of excess fund balance generated during the 2014-2015 fiscal year has been restricted and designated for utilization in the 2016-2017 budget.

Capital Reserve – As of June 30, 2016, the balance in the capital reserve account is \$6,573 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, 2016, the balance in the maintenance reserve account is \$100,823. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

ASSIGNED

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

General Fund:

Other Purposes – At June 30, 2016 the School District has \$251,090 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, 2016, \$27,832 of general fund balance at June 30, 2016.

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, 2016, the fund balance of the general fund was a deficit of \$231,615, 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).

**Township of Harrison School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2016**

20. LITIGATION

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

Required Supplementary Information - Part II

Budgetary Comparison Schedules

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2016

	<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	\$ 11,760,498 00		\$ 11,760,498 00	\$ 11,760,498 00	\$ -
Tuition - Individuals	23,000 00		23,000 00	46,285 00	23,285 00
Tuition - Other LEA's	77,000 00		77,000 00	76,204 04	(795 96)
Transportation Fees	54,000 00		54,000 00	77,940 00	23,940 00
Interest Earned on Capital Reserve Funds	1 00		1 00	1 46	0 46
Interest Earned on Maintenance Reserve Funds	1 00		1 00	337 02	336 02
Miscellaneous	39,998 00		39,998 00	84,012 36	44,014 36
Total - Local Sources	11,954,498 00	-	11,954,498 00	12,045,277 88	90,779 88
State Sources:					
Equalization Aid	5,031,432 00		5,031,432 00	5,031,432 00	-
Transportation Aid	174,772 00		174,772 00	174,772 00	-
Special Education Aid	788,766 00		788,766 00	788,766 00	-
Security Aid	106,673 00		106,673 00	106,673 00	-
Extraordinary Aid	30,000 00		30,000 00	20,021 00	(9,979 00)
PARCC Readiness Aid	13,560 00		13,560 00	13,560 00	-
Per Pupil Growth Aid	13,560 00		13,560 00	13,560 00	-
Nonpublic School Transportation Costs - Other State Aid				9,121 00	9,121 00
On-Behalf TPAF Pension Contributions (non-budgeted)	-		-	635,627 00	635,627 00
On-Behalf TPAF Post Retirement Medical (non-budgeted)	-		-	756,857 00	756,857 00
Reimbursed TPAF Social Security Contrib (non-budgeted)	-		-	611,282 07	611,282 07
Total - State Sources	6,158,763 00	-	6,158,763 00	8,161,671 07	2,002,908 07
Total Revenues	\$ 18,113,261 00	\$ -	\$ 18,113,261 00	\$ 20,206,948 95	\$ 2,093,687 95
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool/Kindergarten	\$ 377,975 00	\$ (33,000 00)	\$ 344,975 00	\$ 333,263 37	\$ 11,711 63
Grades 1-5	4,119,030 00	(109,700 00)	4,009,330 00	3,980,841 69	28,488 31
Grades 6-8	882,000 00	(40,620 00)	841,380 00	827,044 76	14,335 24
Regular Programs - Home Instruction:					
Salaries of Teachers	6,000 00	2,620 00	8,620 00	8,618 75	1 25
Regular Programs - Undistributed Instruction:					
Purchased Educational Services	-	-	-	-	-
Purchased Technical Services	-	-	-	-	-
Other Purchased Services	1,000 00	-	1,000 00	405 35	594 65
Rentals	52,800 00	-	52,800 00	47,300 56	5,499 44
General Supplies	423,363 00	13,148 00	436,511 00	429,690 15	6,820 85
Textbooks	101,040 00	(33,148 00)	67,892 00	66,156 25	1,735 75
Other Objects	-	-	-	-	-
Total Regular Programs	5,963,208 00	(200,700 00)	5,762,508 00	5,693,320 88	69,187 12

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, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	734,956.00	66,000.00	800,956.00	800,780.29	175.71
Other Salaries for Instruction	211,500.00	200.00	211,700.00	210,803.93	896.07
Purchased Educational Services	3,022.00	(2,800.00)	222.00	222.00	-
General Supplies	1,200.00	800.00	2,000.00	1,393.59	606.41
Textbooks	-	4,000.00	4,000.00	3,949.40	50.60
Other Objects	5,330.00	1,200.00	6,530.00	6,410.16	119.84
Total Resource Room/Resource Center	956,008.00	69,400.00	1,025,408.00	1,023,559.37	1,848.63
Autism:					
Salaries of Teachers	187,406.00	(34,842.00)	152,564.00	152,110.07	453.93
Other Salaries for Instruction	201,895.00	(4,558.00)	197,337.00	197,286.59	50.41
Purchased Educational Services	675.00	(400.00)	275.00	-	275.00
General Supplies	3,300.00	1,700.00	5,000.00	4,750.99	249.01
Textbooks	3,549.00	(2,800.00)	749.00	-	749.00
Other Objects	-	-	-	-	-
Total Autism	396,825.00	(40,900.00)	355,925.00	354,147.65	1,777.35
Preschool Disabilities:					
Salaries of Teachers	226,875.00	6,000.00	232,875.00	231,677.90	1,197.10
Other Salaries for Instruction	73,000.00	5,393.00	78,393.00	78,377.88	15.12
Purchased Educational Services	664.00	(200.00)	464.00	155.73	308.27
General Supplies	3,000.00	3,107.00	6,107.00	6,106.83	0.17
Textbooks	-	-	-	-	-
Other Objects	800.00	(800.00)	-	-	-
Total Preschool Disabilities	304,339.00	13,500.00	317,839.00	316,318.34	1,520.66
Home Instruction:					
Salaries of Teachers	-	-	-	-	-
Other Salaries for Instruction	9,397.00	(3,950.93)	5,446.07	-	5,446.07
Purchased Educational Services	17,040.00	14,785.00	31,825.00	20,505.50	11,319.50
Total Home Instruction	26,437.00	10,834.07	37,271.07	20,505.50	16,765.57
Total Special Education - Instruction	1,683,609.00	52,834.07	1,736,443.07	1,714,530.86	21,912.21

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, 2016

	<u>Original</u> <u>Budget</u>	<u>Budget</u> <u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Final to</u> <u>Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 545,000.00	\$ (8,300.00)	\$ 536,700.00	\$ 533,944.07	\$ 2,755.93
Other Salaries for Instruction	229,000.00	4,000.00	233,000.00	232,050.32	949.68
General Supplies	1,060.00	2,070.00	3,130.00	3,119.17	10.83
Textbooks	2,300.00	(2,070.00)	230.00	204.93	25.07
Total Basic Skills/Remedial - Instruction	777,360.00	(4,300.00)	773,060.00	769,318.49	3,741.51
Bilingual - Instruction:					
Salaries of Teachers	32,000.00	-	32,000.00	31,505.09	494.91
General Supplies	450.00	-	450.00	-	450.00
Textbooks	-	-	-	-	-
Total Bilingual - Instruction	32,450.00	-	32,450.00	31,505.09	944.91
Other Supplemental/At-Risk Program:					
Salaries of Reading Specialists	77,000.00	-	77,000.00	76,764.89	235.11
Total Instruction	8,533,627.00	(152,165.93)	8,381,461.07	8,285,440.21	96,020.86
Undistributed Expenditures - Instruction:					
Tuition - Other LEAs Within State - Regular	-	37,201.00	37,201.00	37,161.00	40.00
Tuition - Other LEAs Within State - Special	31,099.00	(31,099.00)	-	-	-
Tuition to CSSD & Regional Day Schools	-	19,573.00	19,573.00	19,573.00	-
Tuition to Private Schools for the Hand. - Within State	98,226.00	(52,524.07)	45,701.93	45,701.93	-
Tuition - Other	-	-	-	-	-
Total Undistributed Expenditures - Instruction	129,325.00	(26,849.07)	102,475.93	102,435.93	40.00
Undistributed Expenditures - Health Services:					
Salaries	204,500.00	2,410.00	206,910.00	206,885.66	24.34
Purchased Professional and Technical Services	10,385.00	5,555.00	15,940.00	15,921.32	18.68
Supplies and Materials	8,400.00	3,005.00	11,405.00	11,191.48	213.52
Total Undistributed Expenditures - Health Services	223,285.00	10,970.00	234,255.00	233,998.46	256.54
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	303,000.00	-	303,000.00	301,264.88	1,735.12
Purchased Professional - Educational Services	156,796.00	17,800.00	174,596.00	174,179.77	416.23
Supplies and Materials	5,000.00	(850.00)	4,150.00	3,485.18	664.82
Total Undistributed Expenditures - Other Support Services - Students - Related Services	464,796.00	16,950.00	481,746.00	478,929.83	2,816.17
Undistributed Expenditures - Other Support Services - Students - Regular:					
Salaries of Other Professional Staff	188,000.00	19,000.00	207,000.00	205,676.55	1,323.45
Purchased Professional - Educational Services	298.00	-	298.00	-	298.00
Supplies and Materials	1,410.00	-	1,410.00	629.26	780.74
Other Objects	-	-	-	-	-
Total Undistributed Expenditures - Other Support Services - Students - Regular	189,708.00	19,000.00	208,708.00	206,305.81	2,402.19

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, 2016

	<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	\$ 229,000.00	\$ (5,205.00)	\$ 223,795.00	\$ 222,672.27	\$ 1,122.73
Salaries of Secretarial and Clerical Assistants	37,710.00	-	37,710.00	37,710.00	-
Other Salaries	5,158.00	(1,377.00)	3,781.00	2,967.80	813.20
Purchased Professional - Educational Services	26,302.00	(6,300.00)	20,002.00	17,815.22	2,186.78
Miscellaneous Purchased Services	8,604.00	(2,500.00)	6,104.00	5,330.83	773.17
Supplies and Materials	3,900.00	1,600.00	5,500.00	3,030.89	2,469.11
Other Objects	-	-	-	-	-
Total Undistributed Expenditures - Other Support Services -	310,674.00	(13,782.00)	296,892.00	289,527.01	7,364.99
Undistributed Expend. - Imp. of Instruction Services:					
Salaries of Supervisors of Instruction	204,039.00	2,500.00	206,539.00	205,927.00	612.00
Salaries of Secretarial and Clerical Assistants	33,876.00	(3,385.00)	30,491.00	30,031.52	459.48
Other Salaries	-	2,877.00	2,877.00	2,845.71	31.29
Purchased Professional - Educational Services	-	-	-	-	-
Other Purchased Services	900.00	-	900.00	682.20	217.80
Supplies and Materials	3,750.00	-	3,750.00	2,563.99	1,186.01
Miscellaneous Expenditures	2,000.00	-	2,000.00	1,735.97	264.03
Total Undistributed Expenditures - Improv. of Instr. Services	244,565.00	1,992.00	246,557.00	243,786.39	2,770.61
Undistributed Expenditures - Educational Media/Library:					
Purchased Professional - Educational Services	1,900.00	-	1,900.00	1,849.10	50.90
Supplies and Materials	19,000.00	-	19,000.00	11,899.97	7,100.03
Total Undistributed Expend. - Educational Media/Library	20,900.00	-	20,900.00	13,749.07	7,150.93
Undistributed Expenditures - Instructional Staff Training					
Salaries of Other Professional Staff	30,000.00	(3,350.00)	26,650.00	25,865.75	784.25
Purchased Professional - Educational Services	9,000.00	3,635.00	12,635.00	12,632.92	2.08
Other Purchased Services	7,100.00	3,000.00	10,100.00	9,599.15	500.85
Miscellaneous Expenditures	-	600.00	600.00	495.00	105.00
Total Undistributed Expend. - Instructional Staff Training	46,100.00	3,885.00	49,985.00	48,592.82	1,392.18
Undistributed Expenditures - Support Services - Gen. Admin.:					
Salaries	179,219.00	(2,500.00)	176,719.00	176,719.00	-
Legal Services	45,000.00	4,000.00	49,000.00	48,802.76	197.24
Audit Fees	16,245.00	-	16,245.00	16,200.00	45.00
Architect/Engineer Services	7,000.00	72,520.00	79,520.00	67,265.91	12,254.09
Other Purchased Professional Services	39,500.00	(9,000.00)	30,500.00	30,000.00	500.00
Communications/Telephone	29,800.00	4,000.00	33,800.00	33,376.60	423.40
BOE Other Purchased Services	22,700.00	(12,520.00)	10,180.00	9,610.30	569.70
Other Purchased Services	12,007.00	(500.00)	11,507.00	11,447.48	59.52
Supplies and Materials	7,400.00	(3,400.00)	4,000.00	3,907.05	92.95
Miscellaneous Expenditures	9,700.00	(4,700.00)	5,000.00	4,367.81	632.19
Judgements	85,000.00	115,000.00	200,000.00	-	200,000.00
BOE Membership Dues and Fees	8,000.00	(1,100.00)	6,900.00	6,872.20	27.80
Total Undistributed Expend. - Support Services - Gen. Admin.	461,571.00	161,800.00	623,371.00	408,569.11	214,801.89
Undistributed Expenditures - Support Serv. - School Admin.:					
Salaries of Principals	431,962.00	-	431,962.00	414,524.04	17,437.96
Salaries of Secretarial and Clerical Assistants	137,356.00	-	137,356.00	125,740.52	11,615.48
Purchased Professional and Technical Services	11,700.00	62,000.00	73,700.00	10,093.58	63,606.42
Other Purchased Services	9,000.00	-	9,000.00	7,101.08	1,898.92
Supplies and Materials	13,400.00	-	13,400.00	9,484.72	3,915.28
Miscellaneous Expenditures	26,550.00	-	26,550.00	11,690.79	14,859.21
Total Undistributed Expend. - Support Serv. - School Admin.	629,968.00	62,000.00	691,968.00	578,634.73	113,333.27

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, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expend. - Central Services:					
Salaries	\$ 277,115.00	\$ -	\$ 277,115.00	\$ 276,718.92	\$ 396.08
Purchased Professional Services	26,065.00	-	26,065.00	20,239.83	5,825.17
Other Purchased Services	6,900.00	-	6,900.00	6,024.52	875.48
Supplies and Materials	6,153.00	-	6,153.00	3,037.89	3,115.11
Interest on Lease Purchase Agreements	2,612.00	-	2,612.00	2,611.05	0.95
Miscellaneous Expenditures	5,000.00	-	5,000.00	4,397.28	602.72
Total Undistributed Expend. - Central Services	323,845.00	-	323,845.00	313,029.49	10,815.51
Undistributed Expend. - Administrative Information Technology:					
Salaries	117,000.00	-	117,000.00	116,495.04	504.96
Purchased Professional and Technical Services	4,000.00	-	4,000.00	-	4,000.00
Other Purchased Services	56,000.00	56,985.00	112,985.00	55,337.23	57,647.77
Supplies and Materials	128,834.15	5,015.00	133,849.15	133,845.04	4.11
Total Undistributed Expend. - Admin. Info. Technology	305,834.15	62,000.00	367,834.15	305,677.31	62,156.84
Undistributed Expenditures - Allowable Maintenance of Plant Services:					
Cleaning, Repair and Maintenance Services	188,500.00	75,718.00	264,218.00	247,582.84	16,635.16
General Supplies	50,000.00	(618.00)	49,382.00	40,023.45	9,358.55
Total Undistributed Expenditures - Allowable Maintenance of Plant Services	238,500.00	75,100.00	313,600.00	287,606.29	25,993.71
Undistributed Expenditures - Other Operation and Maintenance of Plant Services:					
Salaries	520,000.00	5,000.00	525,000.00	523,729.41	1,270.59
Salaries of Non-Instructional Aides	186,000.00	(18,700.00)	167,300.00	163,574.65	3,725.35
Other Purchased Property Services	38,547.32	-	38,547.32	30,752.33	7,794.99
Insurance	94,000.00	-	94,000.00	94,000.00	-
Miscellaneous Purchased Services	8,200.00	1,000.00	9,200.00	5,380.00	3,820.00
General Supplies	74,000.00	(3,245.00)	70,755.00	68,353.11	2,401.89
Natural Gas	120,000.00	(56,000.00)	64,000.00	63,416.27	583.73
Electricity	370,000.00	-	370,000.00	355,533.47	14,466.53
Other Objects	2,500.00	2,000.00	4,500.00	4,341.79	158.21
Total Undistributed Expenditures - Other Operation and Maintenance of Plant Services	1,413,247.32	(69,945.00)	1,343,302.32	1,309,081.03	34,221.29
Undistributed Expenditures - Care & Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	58,000.00	1,245.00	59,245.00	59,245.00	-
Undistributed Expenditures - Security					
Cleaning, Repair and Maintenance Services	18,000.00	-	18,000.00	16,947.13	1,052.87
Undistributed Expenditures - Student Transportation Services:					
Salaries of Non-Instructional Aides	135,000.00	7,830.00	142,830.00	142,821.21	8.79
Salaries for Pupil Transportation (Between Home and School) - Regular	608,949.00	(13,980.00)	594,969.00	593,740.36	1,228.64
Salaries for Pupil Transportation (Between Home and School) - Special	130,000.00	21,400.00	151,400.00	148,296.44	3,103.56
Other Professional and Technical Services	10,000.00	(4,110.00)	5,890.00	5,889.77	0.23
Cleaning, Repair and Maintenance Services	100,000.00	15,900.00	115,900.00	115,873.91	26.09
Aid In Lieu of Transportation	57,000.00	(2,600.00)	54,400.00	48,084.21	6,315.79
Contracted Serv. - (Between Home and School) - Joint Agreements	40,000.00	2,600.00	42,600.00	42,598.58	1.42
Contracted Serv. - (Sp. Ed. Students) - ESCs & CTAs	25,000.00	(10,500.00)	14,500.00	8,713.41	5,786.59
Miscellaneous Purchased Services - Transportation	37,333.00	2,500.00	39,833.00	39,693.13	139.87
Supplies and Materials	214,500.00	(36,190.00)	178,310.00	166,075.71	12,234.29
Miscellaneous Expenditures	3,800.00	-	3,800.00	2,625.00	1,175.00
Total Undistributed Expend. - Student Transportation Services	1,361,582.00	(17,150.00)	1,344,432.00	1,314,411.73	30,020.27

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, 2016

	<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	\$ 271,000.00	\$ (5,500.00)	\$ 265,500.00	\$ 251,872.73	\$ 13,627.27
Other Retirement Contributions - Regular	294,000.00	(2,000.00)	292,000.00	286,884.99	5,115.01
Unemployment Compensation	10,000.00	-	10,000.00	10,000.00	-
Workmen's Compensation	155,000.00	(7,400.00)	147,600.00	147,515.67	84.33
Health Benefits	2,513,259.00	(142,800.00)	2,370,459.00	2,298,730.01	71,728.99
Tuition Reimbursement	29,742.00	-	29,742.00	27,526.01	2,215.99
Other Employee Benefits	124,946.00	(3,308.75)	121,637.25	121,457.75	179.50
Unused Sick Payment to Terminated/Retired Staff		8,808.75	8,808.75	8,808.75	
Total Unallocated Benefits	<u>3,397,947.00</u>	<u>(152,200.00)</u>	<u>3,245,747.00</u>	<u>3,152,795.91</u>	<u>92,951.09</u>
On-behalf TPAF Pension Contributions (non-budgeted)				635,627.00	(635,627.00)
On-Behalf TPAF Post Retirement Medical (non-budgeted)				756,857.00	(756,857.00)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				611,282.07	(611,282.07)
Total On-behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,003,766.07</u>	<u>(2,003,766.07)</u>
Total Undistributed Expenditures	<u>\$ 9,837,847.47</u>	<u>\$ 135,015.93</u>	<u>\$ 9,972,863.40</u>	<u>\$ 11,367,089.12</u>	<u>\$ (1,394,225.72)</u>
Total Current Expense	<u>\$ 18,371,474.47</u>	<u>\$ (17,150.00)</u>	<u>\$ 18,354,324.47</u>	<u>\$ 19,652,529.33</u>	<u>\$ (1,298,204.86)</u>
Capital Outlay:					
Undistributed Expenditures - Instruction:					
Equipment	-		-	-	-
Undistributed Expenditures - Student Transportation Services:					
School Buses - Regular	95,000.00	1,500.00	96,500.00	96,420.74	79.26
School Buses - Special	71,438.50	15,650.00	87,088.50	86,987.82	100.68
Facilities Acquisition and Construction Services:					
Lease Purchase Principal	65,000.00	-	65,000.00	65,000.00	-
Transfer to Capital Projects	-	-	-	-	-
Other Objects	34,972.00	-	34,972.00	34,972.00	-
Total Capital Outlay	<u>\$ 266,410.50</u>	<u>\$ 17,150.00</u>	<u>\$ 283,560.50</u>	<u>\$ 283,380.56</u>	<u>\$ 179.94</u>
Total Expenditures	<u>\$ 18,637,884.97</u>	<u>\$ -</u>	<u>\$ 18,637,884.97</u>	<u>\$ 19,935,909.89</u>	<u>\$ (1,298,024.92)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(524,623.97)</u>	<u>-</u>	<u>(524,623.97)</u>	<u>271,039.06</u>	<u>795,663.03</u>
Other Financing Sources (Uses):					
Unexpended Capital Reserve Transferred from Capital Projects				6,133.00	6,133.00
Unexpended Capital Outlay Transferred from Capital Projects				86,194.10	86,194.10
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,327.10</u>	<u>92,327.10</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ (524,623.97)</u>	<u>\$ -</u>	<u>\$ (524,623.97)</u>	<u>\$ 363,366.16</u>	<u>\$ 887,990.13</u>
Fund Balances, July 1	<u>1,635,843.38</u>		<u>1,635,843.38</u>	<u>1,635,843.38</u>	
Fund Balances, June 30	<u>\$ 1,111,219.41</u>	<u>\$ -</u>	<u>\$ 1,111,219.41</u>	<u>\$ 1,999,209.54</u>	<u>\$ 887,990.13</u>
Recapitulation					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 614,687.48	
Reserve for Excess Surplus				630,440.39	
Capital Reserve				6,573.49	
Maintenance Reserve				100,823.14	
Assigned Fund Balance:					
Year-End Encumbrances				251,089.64	
Designated for Subsequent Year's Expenditures				27,831.52	
Unassigned Fund Balance				<u>367,763.88</u>	
				<u>\$ 1,999,209.54</u>	
Last State Aid Payment not Recognized on a GAAP Basis				<u>(599,379.00)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,399,830.54</u>	

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State sources	\$ 63,155.30		\$ 63,155.30	\$ 51,403.24	\$ (11,752.06)
Federal sources	467,494.00		467,494.00	457,266.00	(10,228.00)
Total revenues	<u>530,649.30</u>	<u>-</u>	<u>530,649.30</u>	<u>508,669.24</u>	<u>(21,980.06)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	83,363.02		83,363.02	83,363.02	-
Other salaries for instruction	-		-	-	-
Purchased professional - educ. services	-		-	-	-
Purchased professional - tech. services	-		-	-	-
Tuition	328,977.00		328,977.00	328,977.00	-
General supplies	-		-	-	-
Textbooks	-		-	-	-
Total instruction	<u>412,340.02</u>	<u>-</u>	<u>412,340.02</u>	<u>412,340.02</u>	<u>-</u>
Support services:					
Other salaries	4,588.98		4,588.98	4,588.98	-
Personal services - employee benefits	10,579.00		10,579.00	10,579.00	-
Purchased professional - educ. services	77,302.30		77,302.30	68,434.24	8,868.06
Purchased professional and technical services	15,693.00		15,693.00	2,850.00	12,843.00
Purchased property services	-		-	-	-
Travel	-		-	-	-
Other purchased services	-		-	-	-
Supplies and materials	10,146.00		10,146.00	9,877.00	269.00
Other objects	-		-	-	-
Total support services	<u>118,309.28</u>	<u>-</u>	<u>118,309.28</u>	<u>96,329.22</u>	<u>21,980.06</u>
Facilities acquisition and construction services:					
Building	-		-	-	-
Instructional equipment	-		-	-	-
Noninstructional equipment	-		-	-	-
Total facilities acq. and const. services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>530,649.30</u>	<u>-</u>	<u>530,649.30</u>	<u>508,669.24</u>	<u>21,980.06</u>
Total outflows	<u>530,649.30</u>	<u>-</u>	<u>530,649.30</u>	<u>508,669.24</u>	<u>21,980.06</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 20,206,948.95	\$ 508,669.24
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		
Prior Year		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	599,266.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(599,379.00)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 20,206,835.95</u>	<u>\$ 508,669.24</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 19,935,909.89	\$ 508,669.24
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		
Prior Year		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 19,935,909.89</u>	<u>\$ 508,669.24</u>

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

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

	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0298861806%	0.0295526762%	0.0301734788%
District's proportionate share of the net pension liability (asset)	\$ 5,708,849	\$ 5,533,069	\$ 5,766,751
District's covered-employee payroll	1,843,690	1,952,764	1,947,894
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	309.64%	283.35%	296.05%
Plan fiduciary net position as a percentage of the total pension liability	38.21%	42.74%	40.71%

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Contributions
Public Employees Retirement System
Last Three Fiscal Years

	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 259,679	\$ 256,941	\$ 243,628
Contributions in relation to the contractually required contributions	(259,679)	(256,941)	(243,628)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	1,843,690	1,952,764	1,947,894
Contributions as a percentage of covered-employee payroll	14.08%	13.16%	12.51%

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

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

	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0793655108%	0.0787047848%	0.0820489531%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 50,162,393</u>	<u>\$ 42,065,146</u>	<u>\$ 41,466,896</u>
Total	<u>\$ 50,162,393</u>	<u>\$ 42,065,146</u>	<u>\$ 41,466,896</u>
District's covered-employee payroll	8,320,432	8,003,650	7,983,691
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%

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

**Township of Harrison School District
Notes to Required Supplementary Information
Pension Schedules
For the Fiscal Year Ended June 30, 2016**

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

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

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

1. Public Employees' Retirement System (PERS)

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

Changes of assumptions: Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

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, 2016

	Brought Forward (Exh. E-1B)	Brought Forward (Exh. E-1C)	Brought Forward (Exh. E-1D)	Brought Forward (Exh. E-1E)	Total 2015
REVENUES:					
State sources	\$ -	\$ -	\$ 41,862.94	\$ 9,540.30	\$ 51,403.24
Federal sources	339,473.00	117,793.00	-	-	457,266.00
Total Revenues	<u>339,473.00</u>	<u>117,793.00</u>	<u>41,862.94</u>	<u>9,540.30</u>	<u>508,669.24</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	-	83,363.02	-	-	83,363.02
Other salaries for instruction	-	-	-	-	-
Professional education services	-	-	-	-	-
Purchase professional and technical services	-	-	-	-	-
Tuition	328,977.00	-	-	-	328,977.00
General supplies	-	-	-	-	-
Textbooks	-	-	-	-	-
Total instruction	<u>328,977.00</u>	<u>83,363.02</u>	<u>-</u>	<u>-</u>	<u>412,340.02</u>
Support services:					
Other salaries	-	4,588.98	-	-	4,588.98
Personal services-employee benefits	-	10,579.00	-	-	10,579.00
Purchased prof. and educational services	10,496.00	9,385.00	41,862.94	6,690.30	68,434.24
Purchase professional and technical services	-	-	-	2,850.00	2,850.00
Purchased technical services	-	-	-	-	-
Purchased property services	-	-	-	-	-
Travel	-	-	-	-	-
Other purchased services (400-500)	-	-	-	-	-
Supplies and materials	-	9,877.00	-	-	9,877.00
Other objects	-	-	-	-	-
Total support services	<u>10,496.00</u>	<u>34,429.98</u>	<u>41,862.94</u>	<u>9,540.30</u>	<u>96,329.22</u>
Facilities acquisition and const. serv.:					
Building	-	-	-	-	-
Instructional equipment	-	-	-	-	-
Non-instructional equipment	-	-	-	-	-
Total facilities acquisition and const. serv.:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>339,473.00</u>	<u>117,793.00</u>	<u>41,862.94</u>	<u>9,540.30</u>	<u>508,669.24</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOWNSHIP OF HARRISON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2016

	IDEA				Totals
	Basic	Basic	Preschool	Preschool	
	Current Yr.	Prior Yr.	Current Yr.	Prior Yr.	
REVENUES:					
State sources					\$ -
Federal sources	\$ 309,886.00	\$ -	\$ 29,587.00	\$ -	339,473.00
Total Revenues	<u>309,886.00</u>	<u>-</u>	<u>29,587.00</u>	<u>-</u>	<u>339,473.00</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers					-
Other salaries for instruction					-
Professional education services					-
Purchase professional and technical services					-
Tuition	299,390.00		29,587.00		328,977.00
General supplies					-
Textbooks					-
Total instruction	<u>299,390.00</u>	<u>-</u>	<u>29,587.00</u>	<u>-</u>	<u>328,977.00</u>
Support services:					
Other salaries					-
Personal services-employee benefits					-
Purchased prof. and educational services	10,496.00				10,496.00
Purchase professional and technical services					-
Purchased technical services					-
Purchased property services					-
Travel					-
Other purchased services (400-500)					-
Supplies and materials					-
Total support services	<u>10,496.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,496.00</u>
Facilities acquisition and const. serv.:					
Instructional equipment					-
Non-instructional equipment					-
Total facilities acquisition and const. serv.:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>309,886.00</u>	<u>-</u>	<u>29,587.00</u>	<u>-</u>	<u>339,473.00</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOWNSHIP OF HARRISON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2016

E-1C

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

	Title I Current Yr.	Title I Prior Yr.	Title IIA Current Yr.	Title IIA Prior Yr.	Title III Current Yr.	Title III Prior Yr.	Totals
REVENUES:							
State sources							\$ -
Federal sources	\$ 71,860.00	\$ -	\$ 26,754.00	\$ -	\$ 19,179.00	\$ -	117,793.00
Total Revenues	71,860.00	-	26,754.00	-	19,179.00	-	117,793.00
EXPENDITURES:							
Instruction:							
Salaries of teachers	57,777.00		20,951.00		4,635.02		83,363.02
Other salaries for instruction							-
Professional education services							-
Purchase professional and technical services							-
Tuition							-
General supplies							-
Textbooks							-
Total instruction	57,777.00	-	20,951.00	-	4,635.02	-	83,363.02
Support services:							
Other salaries	583.00				4,005.98		4,588.98
Personal services-employee benefits	4,465.00		5,453.00		661.00		10,579.00
Purchased prof. and educational services	9,035.00		350.00				9,385.00
Purchase professional and technical services							-
Purchased technical services							-
Purchased property services							-
Travel							-
Other purchased services (400-500)							-
Supplies and materials					9,877.00		9,877.00
Other objects							-
Total support services	14,083.00	-	5,803.00	-	14,543.98	-	34,429.98
Facilities acquisition and const. serv.:							
Building							-
Instructional equipment							-
Non-instructional equipment							-
Total facilities acquisition and const. serv.:	-	-	-	-	-	-	-
Total Expenditures	71,860.00	-	26,754.00	-	19,179.00	-	117,793.00
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, 2016

	Chapter 192 - Auxillary Services			Chapter 193 - Handicapped Services			Nonpublic Nursing	Nonpublic Technology	Nonpublic Textbook	Carried Forward (Exh. E-1A)
	Comp. Education	E.S.L.	Transportation	Corrective Speech	Suppl Instruction	Exam & Classification				
REVENUES:										
State sources	\$ 9,306.00	\$ 862.70	\$ 1,754.40	\$ 11,704.00	\$ 668.25	\$ 3,918.31	\$ 7,380.00	\$ 2,097.90	\$ 4,171.38	\$ 41,862.94
Federal sources										
Total Revenues	<u>9,306.00</u>	<u>862.70</u>	<u>1,754.40</u>	<u>11,704.00</u>	<u>668.25</u>	<u>3,918.31</u>	<u>7,380.00</u>	<u>2,097.90</u>	<u>4,171.38</u>	<u>41,862.94</u>
EXPENDITURES:										
Instruction:										
Salaries of teachers										-
Other salaries for instruction										-
Professional education services										-
Purchase professional and technical services										-
Tuition										-
General supplies										-
Textbooks										-
Total instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support services:										
Personal services-employee benefits										-
Purchased prof. and educational services	9,306.00	862.70	1,754.40	11,704.00	668.25	3,918.31	7,380.00	2,097.90	4,171.38	41,862.94
Purchase professional and technical services										-
Purchased technical services										-
Purchased property services										-
Travel										-
Other purchased services (400-500)										-
Supplies and materials										-
Total support services	<u>9,306.00</u>	<u>862.70</u>	<u>1,754.40</u>	<u>11,704.00</u>	<u>668.25</u>	<u>3,918.31</u>	<u>7,380.00</u>	<u>2,097.90</u>	<u>4,171.38</u>	<u>41,862.94</u>
Facilities acquisition and const. serv.:										
Instructional equipment										-
Non-instructional equipment										-
Total facilities acquisition and const. serv. :	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>9,306.00</u>	<u>862.70</u>	<u>1,754.40</u>	<u>11,704.00</u>	<u>668.25</u>	<u>3,918.31</u>	<u>7,380.00</u>	<u>2,097.90</u>	<u>4,171.38</u>	<u>41,862.94</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

TOWNSHIP OF HARRISON TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2016

	Nonpublic Home Instruction	Nonpublic Security	Totals
REVENUES:			
State sources	\$ 6,690.30	\$ 2,850.00	\$ 9,540.30
Federal sources			-
Total Revenues	<u>6,690.30</u>	<u>2,850.00</u>	<u>9,540.30</u>
EXPENDITURES:			
Instruction:			
Salaries of teachers			-
Other salaries for instruction			-
Professional education services			-
Purchase professional and technical services			-
Tuition			-
General supplies			-
Textbooks			-
Total instruction	<u>-</u>	<u>-</u>	<u>-</u>
Support services:			
Personal services-employee benefits			-
Purchased prof. and educational services	6,690.30		6,690.30
Purchase professional and technical services		2,850.00	2,850.00
Purchased technical services			-
Purchased property services			-
Travel			-
Other purchased services (400-500)			-
Supplies and materials			-
Total support services	<u>6,690.30</u>	<u>2,850.00</u>	<u>9,540.30</u>
Facilities acquisition and const. serv.:			
Buildings			-
Non-instructional equipment			-
Total facilities acquisition and const. serv.:	<u>-</u>	<u>-</u>	<u>-</u>
Due to Charter School			-
Total Expenditures	<u>6,690.30</u>	<u>2,850.00</u>	<u>9,540.30</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>

Capital Projects Fund
Detail Statements

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary
For the Year Ended June 30, 2016

Revenues and Other Financing Sources:	
State sources - SDA grant	\$ (61,551.40)
Bond proceeds and transfers	-
Contribution from private source	-
Transfer from capital reserve	-
Transfer from capital outlay	-
Total Revenues	(61,551.40)
 Expenditures and Other Financing Uses:	
Purchased professional and technical services	-
Land and improvements	-
Construction services	-
Transfer to General Fund	92,327.10
Total Expenditures	92,327.10
Excess (Deficiency) of revenues over (under) expenditures	(153,878.50)
Fund Balance June 30, 2015	153,878.50
Fund Balance June 30, 2016	-

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Harrison Township School Phone System Replacement
From Inception and for the Year Ended June 30, 2016

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Period</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenues and Other Financing Sources:				
State sources - SDA grant	\$ 55,089.00	\$ (9,273.04)	\$ 45,815.96	\$ 45,815.96
Bond proceeds and transfers	-	-	-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve	-	-	-	-
Transfer from capital outlay	82,633.00	-	82,633.00	82,633.00
Total Revenues	<u>137,722.00</u>	<u>(9,273.04)</u>	<u>128,448.96</u>	<u>128,448.96</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	-	-	-	-
Land and improvements	-	-	-	-
Construction services	114,539.90	-	114,539.90	114,539.90
Transfer to General Fund	-	13,909.06	13,909.06	13,909.06
Total Expenditures	<u>114,539.90</u>	<u>13,909.06</u>	<u>128,448.96</u>	<u>128,448.96</u>
Excess (Deficiency) of revenues over (under) expenses	<u>\$ 23,182.10</u>	<u>\$ (23,182.10)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Harrison Township School Boiler Replacement
From Inception and for the Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Funding Sources:				
State sources - SDA grant	\$ 167,682.00	\$ (46,682.00)	\$ 121,000.00	\$ 121,000.00
Bond proceeds and transfers	-	-	-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve	108,673.00	-	108,673.00	108,673.00
Transfer from capital outlay	142,851.00	-	142,851.00	142,851.00
Total Revenues	<u>419,206.00</u>	<u>(46,682.00)</u>	<u>372,524.00</u>	<u>372,524.00</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical services	-	-	-	-
Land and improvements	-	-	-	-
Construction services	302,500.00	-	302,500.00	302,500.00
Transfer to General Fund	-	70,024.00	70,024.00	70,024.00
Total Expenditures	<u>302,500.00</u>	<u>70,024.00</u>	<u>372,524.00</u>	<u>372,524.00</u>
Excess (Deficiency) of revenues over (under) expenses	<u>\$ 116,706.00</u>	<u>\$ (116,706.00)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Pleasant Valley School Phone System Replacement
From Inception and for the Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Funding Sources:				
State sources - SDA grant	\$ 29,935.00	\$ (1,507.96)	\$ 28,427.04	\$ 28,427.04
Bond proceeds and transfers	-	-	-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve	-	-	-	-
Transfer from capital outlay	44,902.00	-	44,902.00	44,902.00
Total Revenues	<u>74,837.00</u>	<u>(1,507.96)</u>	<u>73,329.04</u>	<u>73,329.04</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical service	-	-	-	-
Land and improvements	-	-	-	-
Construction services	71,067.60	-	71,067.60	71,067.60
Transfer to General Fund	-	2,261.44	2,261.44	2,261.44
Total Expenditures	<u>71,067.60</u>	<u>2,261.44</u>	<u>73,329.04</u>	<u>73,329.04</u>
Excess (Deficiency) of revenues over (under) expenses	<u>\$ 3,769.40</u>	<u>\$ (3,769.40)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Pleasant Valley School Cooling Tower Replacement
From Inception and for the Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Funding Sources:				
State sources - SDA grant	\$ 74,198.00	\$ (4,088.40)	\$ 70,109.60	\$ 70,109.60
Bond proceeds and transfers	-	-	-	-
Contribution from private source	-	-	-	-
Transfer from capital reserve	111,297.00	-	111,297.00	111,297.00
Transfer from capital outlay	-	-	-	-
Total Revenues	<u>185,495.00</u>	<u>(4,088.40)</u>	<u>181,406.60</u>	<u>181,406.60</u>
Expenditures and Other Financing Uses:				
Purchased professional and technical service	-	-	-	-
Land and improvements	-	-	-	-
Construction services	175,274.00	-	175,274.00	175,274.00
Transfer to General Fund	-	6,132.60	6,132.60	6,132.60
Total Expenditures	<u>175,274.00</u>	<u>6,132.60</u>	<u>181,406.60</u>	<u>181,406.60</u>
Excess (Deficiency) of revenues over (under) expenses	<u>\$ 10,221.00</u>	<u>\$ (10,221.00)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

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

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2016

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		SDA Receivable Canceled	Transfer to General Fund	Unexpended Appropriations June 30, 2016
			Prior Years	Current Year			
Harrison Township School:							
Phone System Replacement	6/24/2014	\$ 137,722.00	\$ 114,539.90	\$ -	\$ 9,273.04	\$ 13,909.06	\$ -
Boiler Replacement	6/24/2014	419,206.00	302,500.00	-	46,682.00	70,024.00	-
Pleasant Valley School:							
Phone System Replacement	6/24/2014	74,837.00	71,067.60	-	1,507.96	2,261.44	-
Cooling Tower Replacement	6/24/2014	185,495.00	175,274.00	-	4,088.40	6,132.60	-
Totals		<u>\$ 817,260.00</u>	<u>\$ 663,381.50</u>	<u>\$ -</u>	<u>\$ 61,551.40</u>	<u>\$ 92,327.10</u>	<u>\$ -</u>

Proprietary Funds

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Enterprise Funds
Statement of Net Position
as of June 30, 2016

	2016
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 39,179.56
Accounts receivable:	
State	281.50
Federal	5,850.78
Inventories	10,753.50
Total current assets	56,065.34
Fixed assets:	
Equipment	295,528.00
Less Accumulated depreciation	(285,974.00)
Total fixed assets	9,554.00
Total assets	65,619.34
 LIABILITIES	
Current liabilities:	
Accounts Payable	\$ 7,210.75
Unearned revenue	8,748.41
Total current liabilities	15,959.16
 NET POSITION	
Invested in capital assets net of related debt	9,554.00
Unrestricted	40,106.18
Total net position	\$ 49,660.18

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Enterprise Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
for the Fiscal Year ended June 30, 2016

	2016
OPERATING REVENUES:	
Local sources:	
Daily sales-reimbursable programs:	
School lunch program	\$ 132,829.38
Total-daily sales-reimbursable programs	132,829.38
Daily sales non-reimbursable programs:	
Adult and AlaCarte meals	109,804.68
Total operating revenue	242,634.06
OPERATING EXPENSES:	
Salaries	132,485.16
Benefits	8,239.56
Supplies and materials	12,495.58
Depreciation	13,374.00
Management fee	20,292.18
Direct expenses	520.35
Repairs and maintenance	4,284.84
Cost of sales - reimbursable programs	79,701.08
Cost of sales - non-reimbursable programs	65,885.67
Total operating expenses	337,278.42
Operating income (loss)	(94,644.36)
Non-operating revenues:	
State sources:	
State school lunch program	3,199.72
Federal sources:	
National school lunch program	68,449.66
U.S.D.A. commodities	34,982.31
Total non-operating revenues	106,631.69
Net income (loss)	11,987.33
Net position - July 1	37,672.85
Net position - June 30	\$ 49,660.18

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Enterprise Funds
Statement of Cash Flows
for the Fiscal Year ended June 30, 2016

	2016
Cash flows from operating activities:	
Cash receipts from customers	\$ 251,419.72
Cash payments to employees for services	(140,724.72)
Cash payments to suppliers for goods and services	(150,433.21)
Net cash used by operating activities	(39,738.21)
Cash flows from noncapital financing activities:	
Cash received from state and federal reimbursements	78,134.20
Net cash provided by noncapital financing activities	78,134.20
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	38,395.99
Cash and cash equivalents, July 1	783.57
Cash and cash equivalents, June 30	\$ 39,179.56
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (94,644.36)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:	
Depreciation	13,374.00
Federal commodities	34,982.31
Change in assets and liabilities:	
(Increase)/decrease in accounts receivable	3,332.46
(Increase)/decrease in inventory	(2,235.82)
Increase/(decrease) in accounts payable	7,210.75
Increase/(decrease) in deferred revenue	(1,757.55)
Net cash used by operating activities	\$ (39,738.21)

Fiduciary Funds

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Net Assets
June 30, 2016

	<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	\$ 58,576.51	\$ 4,193.81	\$ 115,749.97	\$ 6,405.64	\$ 184,925.93
Accounts Receivable	-	-	-	-	-
Total Assets	<u>\$ 58,576.51</u>	<u>\$ 4,193.81</u>	<u>\$ 115,749.97</u>	<u>\$ 6,405.64</u>	<u>\$ 184,925.93</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Payroll Deductions and Withholdings	\$ -	\$ 4,193.81	\$ -	\$ -	\$ 4,193.81
Interfund Payable		-	-	6,000.00	6,000.00
Due to Student Groups	<u>58,576.51</u>	-	-	-	<u>58,576.51</u>
Total Liabilities	<u>58,576.51</u>	<u>4,193.81</u>	<u>-</u>	<u>6,000.00</u>	<u>68,770.32</u>
Fund Balances:					
Unreserved	-	-	<u>115,749.97</u>	<u>405.64</u>	<u>116,155.61</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>115,749.97</u>	<u>405.64</u>	<u>116,155.61</u>
Total Liabilities and Fund Balances	<u>\$ 58,576.51</u>	<u>\$ 4,193.81</u>	<u>\$ 115,749.97</u>	<u>\$ 6,405.64</u>	<u>\$ 184,925.93</u>

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Fiduciary Fund
Comparative Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2016

	<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	283.50	-	283.50
Employee Contributions	31,660.16	8,470.00	40,130.16
Total Revenues	<u>41,943.66</u>	<u>8,470.00</u>	<u>50,413.66</u>
EXPENDITURES:			
Current Expense:			
Undistributed Expenditures:			
Flexible Spending Account Claims		8,691.45	8,691.45
Unemployment Claims	11,336.36		11,336.36
Total Expenditures	<u>11,336.36</u>	<u>8,691.45</u>	<u>20,027.81</u>
Excess (Deficiency) of Revenues over (under) Expenditures	30,607.30	(221.45)	30,385.85
Net Assets July 1	<u>85,142.67</u>	<u>627.09</u>	<u>85,769.76</u>
Net Assets June 30	<u>\$ 115,749.97</u>	<u>\$ 405.64</u>	<u>\$ 116,155.61</u>

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For The Fiscal Year Ended June 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Cash Balance</u> <u>June 30, 2016</u>	<u>Accounts</u> <u>Receivable</u> <u>June 30, 2016</u>	<u>Reserve</u> <u>Balance</u> <u>June 30, 2016</u>
School Fund	\$ 39,943.81	\$ 118,429.57	\$ 124,937.74	\$ 33,435.64	\$ -	\$ 33,435.64
Library Account	24,606.09	24,353.47	23,818.69	25,140.87	-	25,140.87
Total Liabilities	<u>\$ 64,549.90</u>	<u>\$ 142,783.04</u>	<u>\$ 148,756.43</u>	<u>\$ 58,576.51</u>	<u>\$ -</u>	<u>\$ 58,576.51</u>

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For The Fiscal Year Ended June 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 17,188.44	\$ 12,986,435.40	\$ 12,999,430.03	\$ 4,193.81
Total Assets	<u>\$ 17,188.44</u>	<u>\$ 12,986,435.40</u>	<u>\$ 12,999,430.03</u>	<u>\$ 4,193.81</u>
LIABILITIES:				
Net Payroll		\$ 7,221,698.66	\$ 7,221,698.66	
Payroll Deductions and Withholdings	\$ 17,188.44	5,763,230.84	5,776,225.47	\$ 4,193.81
Interfund Payable	-	1,505.90	1,505.90	-
Total Liabilities	<u>\$ 17,188.44</u>	<u>\$ 12,986,435.40</u>	<u>\$ 12,999,430.03</u>	<u>\$ 4,193.81</u>

Long-Term Debt Schedules

TOWNSHIP OF HARRISON SCHOOL DISTRICT
General Long-Term Debt Account Group
Statement of Serial Bonds
June 30, 2016

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance June 30, 2015	Issued	Retired	Balance June 30, 2016	
			Date	Amount						
School District Bonds	2/1/03	\$ 2,857,000	2/1/17	\$ 220,000	3.75%	\$ 660,000		\$ 220,000	\$ 440,000	
			2/1/18	220,000	3.875%					
2006 Refunding Bonds	11/1/06	8,300,000	3/1/16	520,000	4.00%	5,635,000		5,635,000	-	
2015 Refunding Bonds	12/3/15	4,860,000	3/1/16	55,000	2.00%					
			3/1/17	520,000	3.00%					
			3/1/18	535,000	4.00%					
			3/1/19	560,000	4.00%					
			3/1/20	580,000	4.00%					
			3/1/21	625,000	4.00%					
			3/1/22	650,000	4.00%					
			3/1/23	675,000	4.00%					
			3/1/24	660,000	4.00%					
						\$ 4,860,000	55,000	4,805,000	-	
						<u>\$ 6,295,000</u>	<u>\$ 4,860,000</u>	<u>\$ 5,910,000</u>	<u>\$ 5,245,000</u>	
							Debt Service -- Principal Refunded Bonds	\$ 795,000		
								<u>5,115,000</u>		
								<u>\$ 5,910,000</u>		

TOWNSHIP OF HARRISON SCHOOL DISTRICT
General Long-Term Debt Account Group
Statement of Obligations Under Capital Leases
June 30, 2016

<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, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2016</u>
			<u>Principal</u>	<u>Interest</u>					
Various Equipment	7/10/13	4 Years	\$ 319,000.00	\$ 9,493.51	3.50%	\$ 195,000.00	\$ -	\$ 65,000.00	\$ 130,000.00
						<u>\$ 195,000.00</u>	<u>\$ -</u>	<u>\$ 65,000.00</u>	<u>\$ 130,000.00</u>

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2016

	<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	\$ 670,711.00	\$ -	\$ 670,711.00	\$ 670,711.00	\$ -
State Sources:					
Debt Service Aid Type II	323,614.00	-	323,614.00	323,614.00	-
Total Revenues	<u>994,325.00</u>	<u>-</u>	<u>994,325.00</u>	<u>994,325.00</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	254,325.00	(55,000.00)	199,325.00	198,005.00	\$ 1,320.00
Redemption of Principal	740,000.00	55,000.00	795,000.00	795,000.00	-
Expense of Refunding Bonds				88,730.00	(88,730.00)
Total Regular Debt Service	<u>994,325.00</u>	<u>-</u>	<u>994,325.00</u>	<u>1,081,735.00</u>	<u>(87,410.00)</u>
Total Expenditures	<u>994,325.00</u>	<u>-</u>	<u>994,325.00</u>	<u>1,081,735.00</u>	<u>(87,410.00)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(87,410.00)	(87,410.00)
Other Financing Sources (Uses):					
Proceeds of Refunding Bonds				5,310,797.05	5,310,797.05
Payment to Refunded Bond Agent				(5,216,665.74)	(5,216,665.74)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	6,721.31	6,721.31
Fund Balances, July 1	1.00	-	1.00	1.00	
Fund Balances, June 30	<u>\$ 1.00</u>	<u>\$ -</u>	<u>\$ 1.00</u>	<u>\$ 6,722.31</u>	<u>\$ 6,721.31</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 6,721.31</u>	<u>\$ 6,721.31</u>

Statistical Section

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Invested in capital assets, net of related debt	\$ 5,209,468	\$ 5,749,570	\$ 5,912,879	\$ 6,547,527	\$ 6,973,441	\$ 7,664,319	\$ 8,125,309	\$ 8,420,527	\$ 9,080,503	\$ 9,189,757
Restricted	792,949	829,718	1,240,010	780,642	912,041	1,225,768	1,203,904	1,442,289	1,394,118	1,638,168
Unrestricted	42,828	9,768	(293,086)	(471,105)	(453,645)	(467,715)	(569,957)	(648,123)	(6,275,928)	(6,483,641)
Total governmental activities net assets	<u>\$ 6,045,245</u>	<u>\$ 6,589,056</u>	<u>\$ 6,859,803</u>	<u>\$ 6,857,064</u>	<u>\$ 7,431,837</u>	<u>\$ 8,422,372</u>	<u>\$ 8,759,256</u>	<u>\$ 9,214,693</u>	<u>\$ 4,198,693</u>	<u>\$ 4,344,284</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 128,206	\$ 109,943	\$ 91,680	\$ 77,817	\$ 66,774	\$ 53,731	\$ 41,688	\$ 29,645	\$ 22,928	\$ 9,554
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	20,398	17,718	17,929	40,610	39,769	33,936	32,756	32,980	14,745	40,106
Total business-type activities net assets	<u>\$ 148,604</u>	<u>\$ 127,661</u>	<u>\$ 109,609</u>	<u>\$ 118,427</u>	<u>\$ 106,543</u>	<u>\$ 87,667</u>	<u>\$ 74,444</u>	<u>\$ 62,625</u>	<u>\$ 37,673</u>	<u>\$ 49,660</u>
District-wide										
Invested in capital assets, net of related debt	\$ 5,337,674	\$ 5,859,513	\$ 6,004,559	\$ 6,625,344	\$ 7,039,215	\$ 7,610,588	\$ 8,166,997	\$ 8,450,172	\$ 9,103,431	\$ 9,199,311
Restricted	792,949	829,718	1,240,010	780,642	912,041	1,225,768	1,203,904	1,442,289	1,394,118	1,638,168
Unrestricted	63,226	27,486	(275,157)	(430,495)	(413,876)	(501,651)	(537,201)	(615,143)	(6,261,183)	(6,443,535)
Total district net assets	<u>\$ 6,193,849</u>	<u>\$ 6,716,717</u>	<u>\$ 6,969,412</u>	<u>\$ 6,975,491</u>	<u>\$ 7,537,380</u>	<u>\$ 8,334,705</u>	<u>\$ 8,833,700</u>	<u>\$ 9,277,318</u>	<u>\$ 4,236,366</u>	<u>\$ 4,393,944</u>

Source: District Records

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

	Fiscal Year Ending June 30.									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction	\$ 7,432,735	\$ 8,022,009	\$ 8,640,298	\$ 8,804,095	\$ 8,763,531	\$ 8,800,012	\$ 8,995,888	\$ 8,825,503	\$ 9,051,338	\$ 9,008,770
Tuition	722,249	489,501	319,971	393,437	171,604	344,528	791,656	838,439	602,957	431,413
Related Services	1,206,787	1,267,723	1,401,257	1,476,008	1,449,200	1,470,419	1,249,386	1,445,071	1,443,478	1,596,051
Administrative Services	860,390	855,800	994,334	976,686	967,606	1,009,579	1,005,260	1,029,728	995,175	1,072,632
Central Services	386,991	427,266	436,478	536,243	465,712	542,095	502,429	500,940	597,866	313,029
Operations and Maintenance	1,656,941	1,455,836	1,849,626	1,634,741	1,925,158	1,721,179	1,532,140	1,840,416	1,821,400	2,059,732
Transportation	1,034,649	1,073,179	1,207,806	1,194,427	1,240,324	1,245,599	1,269,498	1,295,279	1,312,316	1,314,412
Interest on long-term debt	610,189	534,605	500,679	464,867	422,769	389,431	388,582	303,635	278,452	354,418
Unallocated Employee Benefits	3,381,858	3,491,204	3,431,018	3,739,237	3,725,178	4,038,267	4,559,061	4,409,465	4,775,979	5,327,054
Other	95,231	82,588	83,866	42,080	45,071	58,645	40,797	41,507	42,607	25,176
Total governmental activities expenses	17,388,020	17,699,711	18,865,333	19,261,821	19,176,153	19,619,754	20,334,697	20,529,983	20,921,568	21,502,687
Business-type activities:										
Food service	365,511	378,658	388,163	397,958	401,642	402,396	385,360	384,256	387,888	333,441
Total business-type activities expense	365,511	378,658	388,163	397,958	401,642	402,396	385,360	384,256	387,888	333,441
Total district expenses	\$ 17,753,531	\$ 18,078,369	\$ 19,253,496	\$ 19,659,779	\$ 19,577,795	\$ 20,022,150	\$ 20,720,057	\$ 20,914,239	\$ 21,309,456	\$ 21,836,128
Program Revenues										
Governmental activities:										
Charges for services:										
Tuition	\$ 177,299	\$ 145,859	\$ 169,808	\$ 135,969	\$ 180,662	\$ 273,106	\$ 294,094	\$ 293,151	\$ 230,216	\$ 122,489
General Revenues:										
Property Taxes	10,023,398	10,664,312	10,850,177	10,882,910	11,444,280	11,404,387	11,510,685	11,849,143	12,025,743	12,431,209
Unrestricted State Aid	4,950,538	5,055,883	5,737,796	5,736,719	5,634,896	6,165,435	6,255,971	6,783,692	6,535,903	6,096,241
Other Revenues	35,851	149,837	139,000	209,119	205,577	240,113	103,308	107,260	130,241	162,290
Operating grants and contributions	2,197,874	2,227,631	2,139,299	2,294,364	2,285,511	2,439,581	2,696,023	1,952,174	2,513,865	2,836,049
Capital grants and contributions	158,651	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	17,543,611	18,243,522	19,036,080	19,259,081	19,750,926	20,522,622	20,860,081	20,985,420	21,435,968	21,648,278
Business-type activities:										
Charges for services:										
Food service	270,173	283,102	296,497	309,082	305,584	285,755	269,958	277,153	259,726	242,634
Operating grants and contributions	64,412	74,613	70,614	97,694	83,174	98,765	102,179	95,284	103,210	102,794
Other	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	334,585	357,715	367,111	406,776	388,758	384,520	372,137	372,437	362,936	345,428
Total district program revenues	\$ 17,878,196	\$ 18,601,237	\$ 19,403,191	\$ 19,665,857	\$ 20,139,684	\$ 20,907,142	\$ 21,232,218	\$ 21,357,857	\$ 21,798,904	\$ 21,993,706
Net (Expense)/Revenue and Change in Net Assets										
Governmental activities	\$ 155,591	\$ 543,811	\$ 270,747	\$ (2,740)	\$ 574,773	\$ 902,868	\$ 525,384	\$ 455,437	\$ 514,400	\$ 145,591
Business-type activities	(30,926)	(20,943)	(21,052)	8,818	(12,884)	(17,876)	(13,223)	(11,819)	(24,952)	11,987
Total district-wide net expense	\$ 124,665	\$ 522,868	\$ 249,695	\$ 6,078	\$ 561,889	\$ 884,992	\$ 512,161	\$ 443,618	\$ 489,448	\$ 157,578

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 952,197	\$ 974,272	\$ 1,406,882	\$ 935,303	\$ 1,053,546	\$ 1,225,766	\$ 1,203,904	\$ 1,442,288	\$ 1,240,238	\$ 1,631,446
Unreserved	139,791	143,198	(91,145)	(251,146)	(183,381)	(106,835)	(138,903)	(167,041)	(203,661)	(231,615)
Total General Fund	<u>\$1,091,988</u>	<u>\$ 1,117,470</u>	<u>\$ 1,315,737</u>	<u>\$ 684,157</u>	<u>\$ 870,165</u>	<u>\$ 1,118,931</u>	<u>\$ 1,065,001</u>	<u>\$ 1,275,247</u>	<u>\$ 1,036,577</u>	<u>\$ 1,399,831</u>
All Other Governmental Funds										
Reserved	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund										
Capital projects fund									153,879	-
Debt service fund	35,089	35,089			1	1			1	6,722
Permanent fund										
Total all other governmental funds	<u>\$ 35,090</u>	<u>\$ 35,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,880</u>	<u>\$ 6,722</u>

Source: District Records

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax levy	\$ 10,023,398	\$ 10,664,312	\$ 10,850,177	\$ 10,882,910	\$ 11,444,280	\$ 11,404,387	\$ 11,510,685	\$ 11,849,143	\$ 12,025,743	\$ 12,431,209
Tuition charges	177,300	145,859	169,808	135,969	180,662	273,106	294,094	293,151	230,216	122,489
Transportation fees	35,851	23,070	52,670	119,895	120,865	151,000	67,125	61,175	82,369	77,940
Interest earnings	126,800	84,478	46,326	44,202	24,850	20,776	7,434	4,768	4,515	338
Miscellaneous	31,851	42,290	40,004	45,021	59,862	68,336	28,749	41,317	43,357	84,013
State sources	6,726,351	6,895,499	7,580,311	6,636,896	7,343,948	7,862,333	8,518,751	8,298,167	7,184,184	8,475,024
Federal sources	422,061	388,014	396,784	1,394,188	576,460	762,469	433,243	437,699	440,665	457,266
Total revenue	17,543,612	18,243,522	19,136,080	19,259,081	19,750,927	20,542,407	20,860,081	20,985,420	20,011,049	21,648,279
Expenditures										
Instruction										
Regular Instruction	4,817,992	5,361,821	5,599,845	5,833,265	5,377,721	5,495,392	5,718,012	5,660,663	6,031,499	5,776,684
Special education instruction	1,508,130	1,525,215	1,692,263	1,569,759	1,656,239	1,693,231	1,721,568	1,694,663	1,606,319	1,714,531
Other special instruction	378,411	549,973	711,461	811,964	808,528	1,026,813	985,162	821,389	831,400	882,177
Support Services:										
Tuition	722,249	489,501	319,971	393,437	461,648	625,035	791,656	838,439	602,957	431,413
Student & instruction related services	1,206,786	1,267,723	1,401,256	1,476,008	1,449,200	1,261,394	1,249,386	1,445,071	1,374,392	1,596,051
General administrative services	320,383	332,500	364,463	352,781	324,479	349,348	329,821	355,214	320,810	408,569
School Administrative services	430,573	439,151	542,926	539,747	552,984	575,745	593,847	591,500	589,149	578,635
Business administrative services	386,991	427,266	436,479	536,244	465,712	542,095	502,429	500,940	597,866	313,029
Plant operations and maintenance	1,500,825	1,539,208	1,701,309	1,658,805	1,762,844	1,655,427	1,512,779	1,675,540	1,666,576	1,978,557
Pupil transportation	1,034,649	1,073,179	1,055,887	1,194,427	1,240,324	1,245,599	1,269,498	1,295,279	1,312,316	1,314,412
Unallocated employee benefits	3,286,628	3,491,204	3,431,018	3,739,237	3,725,178	4,029,012	4,559,061	4,409,465	3,650,719	5,167,141
Capital outlay	428,724	210,000	707,174	327,909	269,070	326,730	217,684	369,722	430,860	283,380
Debt service:										
Principal	1,005,000	962,000	960,000	980,000	1,030,000	1,045,000	1,100,000	1,115,000	715,000	795,000
Interest and other charges	634,490	549,300	513,350	477,078	440,991	403,035	363,110	321,289	287,387	286,735
Total expenditures	17,661,831	18,218,041	19,437,402	19,890,661	19,564,918	20,273,856	20,914,013	21,094,174	20,017,250	21,526,314
Excess (Deficiency) of revenues over (under) expenditures	(118,219)	25,481	(301,322)	(631,580)	186,009	268,551	(53,932)	(108,754)	(6,201)	121,965
Other Financing sources (uses)										
Capital leases (non-budgeted)	200,000	-	464,500	464,500	-	-	-	319,000	-	-
Proceeds of Refunding Bonds	8,438,370	-	-	-	-	-	-	-	-	5,310,797
Payment to Refunded Bond Escrow Ag	(8,322,430)	-	-	-	-	-	-	-	-	(5,216,666)
Transfers in	94	-	-	-	-	-	-	-	-	92,327
Transfers out	(94)	-	-	-	-	-	-	-	(219,970)	(92,327)
Total other financing sources (uses)	315,940	-	464,500	464,500	-	-	-	319,000	(219,970)	94,131
Net change in fund balances	\$ 197,721	\$ 25,481	\$ 163,178	\$ (167,080)	\$ 186,009	\$ 268,551	\$ (53,932)	\$ 210,246	\$ (226,171)	\$ 216,096
Debt service as a percentage of noncapital expenditures	9.5%	8.4%	7.9%	7.4%	7.6%	7.3%	7.1%	6.9%	5.1%	5.1%

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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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Tuition Refunds	\$ 14,482					\$ 3,594	\$ 989		\$ 3,888	\$ 1,418
Insurance Refunds	-	\$ 15,148	\$ 1,080							
Interest on Investments	8,595	4,278	4,080	6,624	18,487	22,211	40,608	46,280	84,368	126,569
Sale of Equipment	1,545	50	3,963	382	2,887	1,020				
Recycling	67									
Use of Facilities - Rentals	18,562	17,304	12,684	13,569	13,793	16,187	16,528	19,295	22,311	17,718
FEMA Reimbursement	5,107					16,224				
Prior Year Refunds	13,958	10,214	15,034	11,177	33,555	11,209	24,395	4,100	870	7,324
Energy Curtailment Rebates	19,163									
Photocopies	-		121				254	81		25
Elections	-									200
Soda Machine	240	503	488	470	608	619	507	740	1,158	904
Cancellation of Old Outstanding Checks	2,272	27	4,965	89		2,876	54		2,147	339
Forfeited FSA Funds	-	31								
Sale of Used Textbooks	-		2,982							
Lost/Damaged Book Fines	21	80		84						16
	<u>\$ 84,012</u>	<u>\$ 47,635</u>	<u>\$ 45,397</u>	<u>\$ 32,395</u>	<u>\$ 69,330</u>	<u>\$ 73,940</u>	<u>\$ 83,335</u>	<u>\$ 70,496</u>	<u>\$ 114,742</u>	<u>\$ 154,513</u>

Source: District Records

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

Year Ended Dec. 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
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
2014	25,368,500	1,208,175,300	31,077,500	2,864,300	92,196,500	0	7,297,300	1,366,979,400	0	2,975,643	1,369,955,043	0.878	1,396,971,866
2015	24,430,700	1,229,510,600	29,569,200	2,845,900	95,725,500	\$ 321,700	7,297,300	1,389,700,900	0	2,969,606	1,392,670,506	0.893	1,445,719,021
2016	22,055,200	1,250,162,100	30,003,500	2,828,500	96,665,400	321,700	1,073,300	1,403,109,700	0	2,882,389	1,405,992,089	0.894	1,477,037,598

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

Source: Gloucester County Board of Taxation Abstract of Ratables

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation
Reassessment occurs when ordered by the County Board of Taxation

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

^b Tax rates are per \$100

^c Revaluation in 2010

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

Fiscal Year Ended June 30,	Harrison Township Board of Education			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct	Clearview Regional School	Gloucester County	Fire District	Harrison Township	
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
2014	0.829	0.049	0.878	0.679	0.676	0.083	0.471	2.787
2015	0.845	0.048	0.893	0.696	0.730	0.082	0.504	2.905
2016	0.848	0.045	0.893	0.732	0.759	0.083	0.523	2.990

Source: District Records and County Tax Assessor

Note:

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

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

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

c Revaluation in 2010

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

<u>Taxpayer</u>	<u>2007</u>		<u>2016 c</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Mullica Hill Plaza Associates	\$ 8,786,600	1.14%		
Mullica West LTD	4,095,000	0.53%		
Mantec Associates	3,105,200	0.40%	5,884,000	0.42%
Bell Atlantic Property Tax Dept.	2,350,520	0.30%		
Mullica Hill Self-Storage, LLC	1,640,900	0.21%		
Orleans at Harrison, LLC	1,442,400	0.18%		
Mullica Hill Self-Storage II, LLC	1,431,200	0.18%		
Mullica Hill Commons, LLC	1,172,500	0.15%		
Mullica Assoc.C/O EPROPERTYTAX, Inc.	990,400	0.13%		
Levco Enterprises, LLC	971,500	0.12%		
Mullica Realty, LLC	-		14,000,000	1.00%
Madison/Canuso Richwood Village LLC			8,170,000	0.58%
Storage Quest, NJ LP	-		4,575,000	0.33%
Inspira Medical Ctrs Attn: Accts Pay	# -		4,200,000	0.30%
Woodland Four, LLC			4,017,600	0.29%
Inspira Medical Center Woodbury, Inc.	# -		3,969,600	0.28%
Mullica Hill Commons, LLC	-		3,200,000	0.23%
Verizon New Jersey C/O Duff & Phelps			2,882,389	0.20%
Harrison Devonshire LLC			2,806,400	0.20%
Total	<u>\$ 25,986,220</u>	<u>3.34%</u>	<u>\$ 53,704,989</u>	<u>3.43%</u>

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	
2007	\$ 10,023,398	\$ 10,023,398	100.00%	-
2008	10,664,312	10,664,312	100.00%	-
2009	10,850,177	10,850,177	100.00%	-
2010	10,882,910	10,882,910	100.00%	-
2011	11,444,280	11,444,280	100.00%	-
2012	11,404,387	11,404,387	100.00%	-
2013	11,510,685	11,510,685	100.00%	-
2014	11,849,143	11,849,143	100.00%	-
2015	12,025,743	12,025,743	100.00%	-
2016	12,431,209	12,431,209	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		
2007	\$ 14,202,000	-	\$ 657,286	-	-	\$ 14,859,286	3.11%	1,216
2008	13,240,000	-	579,925	-	-	13,819,925	2.69%	1,113
2009	12,280,000	-	757,209	-	-	13,037,209	2.53%	1,036
2010	11,300,000	-	479,500	-	-	11,779,500	2.28%	945
2011	10,270,000	-	289,500	-	-	10,559,500	1.95%	841
2012	9,225,000	-	145,500	-	-	9,370,500	1.68%	743
2013	8,125,000	-	-	-	-	8,125,000	1.42%	639
2014	7,010,000	-	319,000	-	-	7,329,000	1.22%	568
2015	6,295,000	-	195,000	-	-	6,490,000	b	500
2016	5,245,000	-	130,000	-	-	5,375,000	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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita
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%	907
2011	10,270,000	-	10,270,000	0.77%	818
2012	9,225,000	-	9,225,000	0.69%	731
2013	8,125,000	-	8,125,000	0.60%	639
2014	7,010,000	-	7,010,000	0.51%	544
2015	6,295,000	-	6,295,000	0.45%	485
2016	5,245,000	-	5,245,000	0.37%	^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, 2016
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	\$ 41,189,483	100.000%	\$ 41,189,483
Other debt			
Clearview Regional School District	18,063,000	52.25%	9,437,917
Gloucester County	247,990,608	5.69%	<u>13,854,148</u>
Subtotal, overlapping debt			64,481,548
Harrison Township School District Direct Debt			<u>5,245,000</u>
Total direct and overlapping debt			<u><u>\$ 69,726,548</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 2016

	Equalized valuation basis	
	2015	\$ 1,459,923,206
	2014	1,417,734,287
	2013	<u>1,371,663,339</u>
	[A]	<u>\$ 4,249,320,832</u>
Average equalized valuation of taxable property	[A/3]	\$ 1,416,440,277
Debt Limit (2 1/2% of average equalized valuation)	[B]	35,411,007 ^a
Net bonded school debt	[C]	<u>5,245,000</u>
Legal debt margin	[B-C]	<u>\$ 30,166,007</u>

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 26,425,755	\$ 31,126,122	\$ 35,003,590	\$ 36,793,166	\$ 36,805,661	\$ 35,977,357	\$ 34,957,506	\$ 34,433,373	\$ 34,600,999	\$ 35,411,007
Total net debt applicable to limit	<u>14,202,000</u>	<u>13,240,000</u>	<u>12,280,000</u>	<u>11,300,000</u>	<u>10,270,000</u>	<u>9,225,000</u>	<u>8,125,000</u>	<u>7,010,000</u>	<u>6,295,000</u>	<u>5,245,000</u>
Legal debt margin	<u>\$ 12,223,755</u>	<u>\$ 17,886,122</u>	<u>\$ 22,723,590</u>	<u>\$ 25,493,166</u>	<u>\$ 26,535,661</u>	<u>\$ 26,752,357</u>	<u>\$ 26,832,506</u>	<u>\$ 27,423,373</u>	<u>\$ 28,305,999</u>	<u>\$ 30,166,007</u>
Total net debt applicable to the limit as a percentage of debt limit	53.74%	42.54%	35.08%	30.71%	27.90%	25.64%	23.24%	20.36%	18.19%	14.81%

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

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

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

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income ^b</u>	<u>Unemployment Rate ^c</u>
2006	11,812	\$ 449,222,172	\$ 38,031	4.40%
2007	12,224	478,080,640	39,110	4.00%
2008	12,415	512,813,990	41,306	5.20%
2009	12,587	515,953,717	40,991	7.60%
2010	12,462	517,322,544	41,512	8.10%
2011	12,549	542,556,015	43,235	7.90%
2012	12,616	558,787,872	44,292	8.10%
2013	12,722	572,629,942	45,011	6.40%
2014	12,892	600,805,876	46,603	5.60%
2015	12,984	d	d	4.80%

Source:

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

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

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

^d Not Available

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

<u>Employer</u>	<u>2016</u>			<u>2007</u>	
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
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	1,592	3	N/A	N/A	N/A
Rowan University	1,483	4	N/A	N/A	N/A
County of Gloucester	1,354	5	N/A	N/A	N/A
Missa Bay, LLC	950	6	N/A	N/A	N/A
Monroe Township School District	806	7	N/A	N/A	N/A
U.S. Foodservices	725	8	N/A	N/A	N/A
ExxonMobil Research & Engineering	540	9	N/A	N/A	N/A
LaBrea Bakery	525	10	N/A	N/A	N/A
	11,475				

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Source: Gloucester County Department of Economic Development and Employer Directly

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

N/A - Information not available

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	83	86	88	88	84.6	83.3	83.3	82.2	83.0	82.3
Special education	37	35	35	35	39.3	39.6	39.6	39.2	38.9	40.7
Other special education	11	13	14	17	20.2	20.7	20.7	18.6	18.8	19.2
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	16	16	18	18	17.1	17.0	17.0	16.0	16.8	17.7
General administrative services	2	2	2	2	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	7	7	8	8	8.0	8.0	8.0	8.0	8.0	8.0
Business administrative services	5	5	5	5	5.8	6.3	6.3	6.6	6.6	6.6
Plant operations and maintenance	23	23	24	24	24.3	24.8	25.8	24.6	24.0	24.3
Pupil transportation	25	23	24	24	22.9	21.8	21.8	21.3	22.4	21.3
Total	<u>209</u>	<u>210</u>	<u>218</u>	<u>221</u>	<u>224.2</u>	<u>223.5</u>	<u>224.5</u>	<u>218.5</u>	<u>220.5</u>	<u>222.1</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>
2007	1,483	15,593,617	10,515	8.05%	131	1:11.3	1,461.9	1,406.7	2.78%	96.22%
2008	1,551	16,496,741	10,636	1.15%	134	1:11.5	1,461.9	1,479.0	0.00%	96.33%
2009	1,554	17,256,878	11,105	4.41%	137	1:11.3	1,535.4	1,454.7	5.03%	96.15%
2010	1,546	18,105,674	11,711	5.46%	140	1:11.0	1,546.6	1,483.2	0.73%	95.90%
2011	1,502	17,824,857	11,867	1.33%	144	1:10.4	1,494.1	1,439.8	-3.39%	96.37%
2012	1,488	18,499,091	12,432	4.76%	144	1:10.3	1,482.3	1,426.3	-0.79%	96.22%
2013	1,454	19,233,219	13,228	6.40%	144	1:10.1	1,441.9	1,380.5	-2.73%	95.74%
2014	1,468	19,288,163	13,139	-0.67%	140	1:9.5	1,473.3	1,417.5	2.18%	96.21%
2015	1,500	19,694,245	13,129	-0.07%	140	1:10.7	1,493.5	1,431.0	1.37%	95.82%
2016	1,469	20,161,199	13,724	4.53%	142	1:10.3	1,460.2	1,398.7	-2.23%	95.79%

Sources: District records

Note: Enrollment based on annual October district count.

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

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

<u>District Building</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Elementary</u>										
Harrison Township Elementary School (1950)										
Square Feet	97,903	97,903	97,903	97,903	97,903	97,903	97,903	97,903	97,903	97,903
Capacity (students)	835	835	835	835	835	835	835	835	835	835
Enrollment	864	891	888	863	842	857	825	830	836	792
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	619	660	666	683	671	662	629	638	664	677

Number of Schools at June 30, 2016
Elementary = 2

Source: District records

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

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

<u>Fiscal Year Ended June 30,</u>	<u>Harrison Township Elementary School</u>	<u>Pleasant Valley School</u>
2007	\$ 81,878	\$ 79,055
2008	125,745	62,459
2009	184,781	109,968
2010	187,217	88,610
2011	326,197	83,933
2012	238,361	91,315
2013	134,536	78,026
2014	149,218	121,178
2015	127,699	118,867
2016	213,950	73,656
	<u>\$ 1,769,582</u>	<u>\$ 907,067</u>

Source: District records

Township of Harrison School District
Insurance Schedule
June 30, 2016
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Property -Blanket Building & Contents	\$ 37,908,650	\$ 1,000
Comprehensive General Liability	1,000,000	
Aggregate	3,000,000	
Comprehensive Automobile Liability	1,000,000	500/1,000
Crime	100,000	500
Data Processing	2,600,000	500
Commercial Umbrella Liability	9,000,000	
Workmen's Compensation	2,000,000	
School Board Legal Liability		
Directors and Office	6,000,000	10,000
Student Accident Insurance:		
Basic	1,000,000	-
Catastrophic	5,000,000	25,000
Surety Bonds:		
Board Secretary	220,000	N/A

Source: District Records

Single Audit Section

INVERSO & STEWART, LLC
Certified Public Accountants

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 Marlton, New Jersey 08053
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 E-Mail: iscpas@concentric.net

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 American Institute of CPAs
 New Jersey Society of CPAs

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
 REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
 ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
 ASSISTANCE AS REQUIRED BY NEW JERSEY TREASURY CIRCULAR OMB 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

I have audited Harrison School District (School District), in the County of Gloucester, State of New Jersey's compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2016. The School District's major state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the School District's major state programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey Treasury Circular OMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey Treasury Circular OMB 15-08 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In my opinion, the Harrison School District, in the County of Gloucester, State of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Harrison School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the New Jersey Treasury Circular OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Harrison School District's internal control over compliance.

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

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

Expenditures for federal awards were less than the single audit dollar threshold required by the Uniform Guidance and therefore were not subject to a single audit. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required the Office of School Finance, Department of Education, State of New Jersey and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements.

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 New Jersey Treasury Circular OMB 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Harrison School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. I issued my report thereon dated September 30, 2016, which contained unmodified opinions on those financial statements. My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey Treasury Circular OMB 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended for the information of the Board of Education and the New Jersey Department of Education.

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant

Marlton, New Jersey
September 30, 2016

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2016

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period	Balance at June 30, 2015			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2016		
						Accounts Receivable	Deferred Revenue	Due to Grantor						Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education																
Special Revenue Fund:																
<i>No Child Left Behind (NCLB)</i>																
Title I	84.010A	S010A150030	NCLB-2070-16	\$ 72,325.00	7/1/15 - 6/30/16	\$ -	\$ -	\$ -	\$ 9,511.00	\$ 62,348.00	\$ (71,860.00)	\$ -	\$ -	\$ -	\$ -	\$ -
84.010A	S010A150030	NCLB-2070-15		83,832.00	7/1/14 - 6/30/15	(0.05)			(9,511.00)	9,511.05						
Title I - Part A	84.367A	S367A150029	NCLB-2070-16	26,754.00	7/1/15 - 6/30/16				358.00	21,250.00	(26,754.00)			(5,146.00)		
84.367A	S367A150029	NCLB-2070-15		27,769.00	7/1/14 - 6/30/15	(2,818.00)			(358.00)	3,178.00				-		
Title III - (Consortium)	84.365A	S365A150030	NCLB-2070-16	26,595.00	7/1/15 - 6/30/16				1,350.00	16,463.00	(19,178.91)			(1,365.91)		
84.365A	S365A150030	NCLB-2070-15		23,475.00	7/1/14 - 6/30/15	(1,347.24)			(1,350.00)	2,697.24				-		
<i>Individuals With Disabilities Act (IDEA)</i>																
Part B - Basic - Current Year	84.027	H027A150100	IDEA-2070-16	309,946.00	7/1/15 - 6/30/16				350.00	307,585.00	(309,886.00)			(1,951.00)		
84.027	H027A150100	IDEA-2070-15		301,751.00	7/1/14 - 6/30/15	(46,278.00)			(350.00)	46,628.00				-		
Part B - Preschool - Current Year	84.173	H173A150114	IDEA-2070-16	31,874.00	7/1/15 - 6/30/16				2,792.00	26,795.00	(29,587.00)			-		
84.173	H173A150114	IDEA-2070-15		55,923.00	7/1/14 - 6/30/15	(3,214.00)			(2,792.00)	6,006.00				-		
Total Special Revenue Fund						(53,657.29)	-	-	-	502,460.29	(457,265.91)	-	-	(8,462.91)	-	-
U.S. Department of Agriculture																
Enterprise Fund:																
Food Distribution Program	10.565	16161NJ304N1099	N/A	34,982.31	9/1/15 - 6/30/16					34,982.31	(34,982.31)			-		
National School Lunch Program	10.555	16161NJ304N1099	N/A	68,499.66	9/1/15 - 6/30/16					65,245.70	(68,659.46)			(3,413.76)		
National School Lunch Program	10.555	16161NJ304N1099	N/A	75,204.40	9/1/14 - 6/30/15	(12,021.36)				9,374.54	208.80			(2,437.02)		
Total Enterprise Fund						(12,021.36)	-	-	-	109,602.55	(103,431.97)	-	-	(5,850.78)	-	-
Total Federal Awards						\$ (65,678.65)	\$ -	\$ -	\$ -	\$ 612,062.84	\$ (580,897.88)	\$ -	\$ -	\$ (14,313.69)	\$ -	\$ -

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, 2016

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	Balance at June 30, 2015		Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2016		Memo Cumulative Total Expenditures
				Accounts Receivable	Due to Grantor at					Accounts Receivable	Due to Grantor at	
State Department of Education												
<u>General Fund:</u>												
Equalization Aid	16-495-034-5120-078	\$ 5,031,432.00	7/1/15 - 6/30/16	\$ -	\$ -	\$ 4,539,369.00	\$ (5,031,432.00)	\$ -	\$ -	\$ (492,063.00)	\$ -	\$ 5,031,432.00
Equalization Aid	15-495-034-5120-078	5,031,432.00	7/1/14 - 6/30/15	(491,969.77)		491,970.00		(0.23)				
Additional Nonpublic Transportation Aid	16-495-034-5120-014	9,121.00	7/1/15 - 6/30/16				(9,121.00)			(9,121.00)		9,121.00
Additional Nonpublic Transportation Aid	15-495-034-5120-014	16,978.00	7/1/14 - 6/30/15	(16,978.00)		16,978.00				(9,121.00)		17,772.00
Transportation Aid	16-495-034-5120-014	174,772.00	7/1/15 - 6/30/16			157,680.00	(174,772.00)			(17,092.00)		174,772.00
Transportation Aid	15-495-034-5120-014	174,772.00	7/1/14 - 6/30/15	(17,089.08)		17,089.00		0.08				
Special Education Aid	16-495-034-5120-089	788,766.00	7/1/15 - 6/30/16			711,626.00	(788,766.00)			(77,140.00)		788,766.00
Special Education Aid	15-495-034-5120-089	788,766.00	7/1/14 - 6/30/15	(77,124.97)		77,125.00		(0.03)				
Security Aid	16-495-034-5120-084	106,673.00	7/1/15 - 6/30/16			96,241.00	(106,673.00)			(10,432.00)		106,673.00
Security Aid	15-495-034-5120-084	106,673.00	7/1/14 - 6/30/15	(10,430.40)		10,430.00		0.40				
PARCC Readiness Aid	16-495-034-5120-098	13,560.00	7/1/15 - 6/30/16			12,234.00	(13,560.00)			(1,326.00)		
PARCC Readiness Aid	15-495-034-5120-098	13,560.00	7/1/14 - 6/30/15	(1,325.89)		1,326.00		(0.11)				13,560.00
Per Pupil Growth Aid	16-495-034-5120-097	13,560.00	7/1/15 - 6/30/16			12,234.00	(13,560.00)			(1,326.00)		
Per Pupil Growth Aid	15-495-034-5120-097	13,560.00	7/1/14 - 6/30/15	(1,325.89)		1,326.00		(0.11)				13,560.00
Extraordinary Aid	16-495-034-5093-007	20,021.00	7/1/15 - 6/30/16				(20,021.00)			(20,021.00)		20,021.00
Extraordinary Aid	15-495-034-5093-007	75,487.00	7/1/14 - 6/30/15	(75,487.00)		75,487.00						
On Behalf TPAF Pension Contributions	16-495-034-5094-002	635,627.00	7/1/15 - 6/30/16			635,627.00	(635,627.00)					635,627.00
On Behalf TPAF Post Retirement Medical	16-495-034-5094-001	756,857.00	7/1/15 - 6/30/16			756,857.00	(756,857.00)					756,857.00
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	611,282.07	7/1/15 - 6/30/16			581,186.17	(611,282.07)			(30,095.90)		611,282.07
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	595,883.45	7/1/14 - 6/30/15	(29,884.65)		29,884.65						
Total General Fund				(721,615.65)		8,224,669.82	(8,161,671.07)			(658,616.90)		8,161,671.07
<u>Special Revenue Fund</u>												
<u>N.J. Nonpublic Aid:</u>												
Textbook Aid	16-100-034-5120-064	4,682.00	7/1/15 - 6/30/16			4,682.00	(4,171.38)				510.62	4,171.38
Textbook Aid	15-100-034-5120-064	5,124.00	7/1/14 - 6/30/15		351.60				(351.60)			
Nursing Aid	16-100-034-5120-070	7,380.00	7/1/15 - 6/30/16			7,380.00	(7,380.00)					7,380.00
Home Instruction	16-100-034-5120-373	6,690.30	7/1/15 - 6/30/16				(6,690.30)			(6,690.30)		6,690.30
Technology Aid	16-100-034-5120-067	2,132.00	7/1/15 - 6/30/16			2,132.00	(2,097.90)				34.10	2,097.90
Technology Aid	15-100-034-5120-067	2,752.00	7/1/14 - 6/30/15		328.07				(328.07)			
Security Aid	16-100-034-5120-509	2,850.00	7/1/15 - 6/30/16			2,850.00	(2,850.00)					2,850.00
<u>Auxiliary Services:</u>												
Compensatory Education	16-100-034-5120-067	10,998.00	7/1/15 - 6/30/16			10,998.00	(9,306.00)				1,692.00	9,306.00
Compensatory Education	15-100-034-5120-067	13,437.00	7/1/14 - 6/30/15		4,389.42				(4,389.42)			
Transportation	16-100-034-5120-067	2,065.00	7/1/15 - 6/30/16			2,065.00	(1,754.40)				310.60	1,754.40
Transportation	15-100-034-5120-067	3,082.00	7/1/14 - 6/30/15		1,233.04				(1,233.04)			
ESL	16-100-034-5120-067	1,726.00	7/1/15 - 6/30/16			1,726.00	(862.70)				863.30	862.70
ESL	15-100-034-5120-067	914.00	7/1/14 - 6/30/15		0.50				(0.50)			
<u>Handicapped Services:</u>												
Examination & Classification	16-100-034-5120-066	6,819.00	7/1/15 - 6/30/16			6,819.00	(3,918.31)				2,900.69	3,918.31
Examination & Classification	15-100-034-5120-066	7,205.00	7/1/14 - 6/30/15		1,804.56				(1,804.56)			
Corrective Speech	16-100-034-5120-066	11,872.00	7/1/15 - 6/30/16			11,872.00	(11,704.00)				168.00	11,704.00
Corrective Speech	15-100-034-5120-066	11,486.00	7/1/14 - 6/30/15		3,534.50				(3,534.50)			
Supplemental Instruction	16-100-034-5120-066	5,941.00	7/1/15 - 6/30/16			5,941.00	(688.25)				5,272.75	688.25
Supplemental Instruction	15-100-034-5120-066	5,493.00	7/1/14 - 6/30/15		4,708.30				(4,708.30)			
Total Special Revenue Fund					16,349.99	56,465.00	(51,403.24)			(16,349.99)	(6,690.30)	51,403.24

TOWNSHIP OF HARRISON SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2016

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	Balance at June 30, 2015		Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2016		Memo Cumulative Total Expenditures
				Accounts Receivable	Due to Grantor at					Accounts Receivable	Due to Grantor at	
New Jersey School Development Authority												
Capital Projects Fund												
Harrison Township School Phone Replacement	2070-050-14-1001	55,089.00	7/1/14 - 6/30/15	(9,273.04)			9,273.04					
Harrison Township School Boiler Replacement	2070-050-14-1004	167,682.00	7/1/14 - 6/30/15	(46,682.00)			46,682.00					
Pleasant Valley School Phone Replacement	2070-080-14-1002	29,935.00	7/1/14 - 6/30/15	(1,507.96)			1,507.96					
Pleasant Valley School Cooling Tower Replacement	2070-080-14-1003	74,198.00	7/1/14 - 6/30/15	(74,198.00)		70,109.60	4,088.40					
				<u>(131,661.00)</u>		<u>70,109.60</u>	<u>61,551.40</u>					
Debt Service Fund												
Debt Service Aid Type II	16-495-034-5120-017	323,614.00	7/1/15 - 6/30/16			323,614.00	(323,614.00)					323,614.00
State Department of Agriculture												
Enterprise Fund:												
State School Lunch Program	16-100-010-3350-023	3,199.72	7/1/15 - 6/30/16			3,042.79	(3,199.72)			(156.93)		3,199.72
State School Lunch Program	15-100-010-3350-023	3,637.86	7/1/14 - 6/30/15	(595.74)		471.17				(124.57)		
				<u>(595.74)</u>		<u>3,513.96</u>	<u>(3,199.72)</u>			<u>(281.50)</u>		<u>3,199.72</u>
Total Enterprise Fund												
				<u>\$ (853,872.39)</u>	<u>\$ 16,349.99</u>	<u>\$ 8,678,372.38</u>	<u>\$ (8,478,336.63)</u>	<u>\$ -</u>	<u>\$ (16,349.99)</u>	<u>\$ (665,588.70)</u>	<u>\$ 11,752.06</u>	<u>\$ 8,539,888.03</u>
Total State Financial Assistance												
Less: State Financial Assistance Not Subject to New Jersey OMB Circular 15-08												
On-Behalf TPAF Contribution - Pension (Non-Budgeted)								(635,627.00)				
On-Behalf TPAF Contribution - Post-Retirement Medical (Non-Budgeted)								(756,857.00)				
State Financial Assistance Subject to New Jersey OMB Circular 15-08								<u>\$ (7,085,852.63)</u>				

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

**Township of Harrison School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2016**

1. GENERAL

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

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; 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 (\$113) for the general fund and \$ -0- for the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Expenditures from awards and financial assistance revenues are reported in the School District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 8,161,558	\$ 8,161,558
Special Revenue Fund	\$ 457,266	51,403	508,669
Capital Projects Fund		(61,551)	(61,551)
Debt Service Fund		323,614	323,614
Food Service Fund	<u>103,432</u>	<u>3,200</u>	<u>106,632</u>
Total Awards & Financial Assistance	<u>\$ 560,698</u>	<u>\$ 8,478,224</u>	<u>\$ 9,038,922</u>

**Township of Harrison School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2016**

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, 2016. 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, 2016.

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, 2016

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

State Awards Section

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes no

Internal Control over major programs:

1) Material weakness(es) identified? yes X no

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

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

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular Letter 15-08 as applicable? yes X no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>16-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>16-100-010-3350-023</u>	<u>National School Lunch Program (State Share)</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

**HARRISON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section 2 -- Schedule of Financial Statement Findings

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

No findings identified.

**HARRISON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* and NJOMB Circular Letter 15-08, as applicable.

FEDERAL AWARDS:

A federal single audit was not required.

STATE AWARDS:

No findings and/or questioned costs identified.

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

This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, USOMB *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and NJOMB's Circular 14-04 and/or 15-08, as applicable.

FINANCIAL STATEMENT FINDINGS

There were no prior year audit findings.

FEDERAL AWARDS

Finding 2015-001

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

Current Status

The finding has been corrected.

STATE AWARDS

There were no prior year audit findings.