

**BOARD OF EDUCATION
OF THE
TOWNSHIP OF GALLOWAY
SCHOOL DISTRICT
GALLOWAY TOWNSHIP, NEW JERSEY**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2010**

GALLOWAY TOWNSHIP SCHOOL DISTRICT
Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	2
Organizational Chart	8
Roster of Officials	9
Consultants and Advisors	10
FINANCIAL SECTION	
Independent Auditor's Report	12
Required Supplementary Information – Part I Management’s Discussion and Analysis	17
Basic Financial Statements	
A. District-Wide Financial Statements:	
A-1 Statement of Net Assets	26
A-2 Statement of Activities	27
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	29
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	30
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
Proprietary Funds:	
B-4 Statement of Net Assets	32
B-5 Statement of Revenues, Expenses and Changes in Fund Net Assets	33
B-6 Statement of Cash Flows	34
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	35
B-8 Statement of Changes in Fiduciary Net Assets	36
Notes to the Financial Statements	37
Required Supplementary Information – Part II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	58
C-1a Combining Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual	N/A
C-1b Budgetary Comparison Schedule – General Fund -- ARRA ESF Fund 16	70
C-1c Budgetary Comparison Schedule – General Fund -- ARRA GSF Fund 17	71
C-2 Budgetary Comparison Schedule – Special Revenue Fund	72
Notes to the Required Supplementary Information	
C-3 Budgetary Comparison Schedule – Note to RSI	74

GALLOWAY TOWNSHIP SCHOOL DISTRICT
Table of Contents (Cont'd)

	Page
Other Supplementary Information	
D. School Based Budget Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures – Budgetary Basis	77
E-2 Statement of Preschool Education Aid – Budgetary Basis	81
F. Capital Projects Fund:	
F-1 Summary Statement of Project Expenditures	83
F-2 Summary Statement of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis	84
F-2a Statement of Project Revenues, Expenditures, Project Balance -2f and Project Status - Budgetary Basis	85
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Statement of Net Assets	92
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	93
G-3 Combining Statement of Cash Flows	94
Internal Service Fund:	
G-4 Combining Schedule of Net Assets	N/A
G-5 Combining Schedule of Revenues, Expenses and Changes in Fund Net Assets	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Assets	96
H-2 Combining Statement of Changes in Fiduciary Net Assets	97
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	98
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	99

**GALLOWAY TOWNSHIP SCHOOL DISTRICT
Table of Contents (Cont'd)**

	Page
Other Supplementary Information (Cont'd)	
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	101
I-2 Schedule of Obligations under Capital Leases	102
I-3 Budgetary Comparison Schedule -- Debt Service Fund	103

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends

J-1 Net Assets by Component	106
J-2 Changes in Net Assets	107
J-3 Fund Balances—Governmental Funds	110
J-4 Changes in Fund Balances—Governmental Funds	111
J-5 General Fund -- Other Local Revenue by Source	112

Revenue Capacity

J-6 Assessed Value and Actual Value of Taxable Property	114
J-7 Direct and Overlapping Property Tax Rates	115
J-8 Principal Property Tax Payers	116
J-9 Property Tax Levies and Collections	117

Debt Capacity

J-10 Ratios of Outstanding Debt by Type	119
J-11 Ratios of Net General Bonded Debt Outstanding	120
J-12 Direct and Overlapping Governmental Activities Debt	121
J-13 Legal Debt Margin Information	122

Demographic and Economic Information

J-14 Demographic and Economic Statistics	124
J-15 Principal Non-Governmental Employers	125

Operating Information

J-16 Full-time Equivalent District Employees by Function/Program	127
J-17 Operating Statistics	128
J-18 School Building Information	129
J-19 Schedule of Required Maintenance	130
J-20 Insurance Schedule	131

SINGLE AUDIT SECTION

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	14
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	133
K-3 Schedule of Expenditures of Federal Awards, Schedule A	135
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	137
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	139
Schedule of Findings and Questioned Costs	141
Summary Schedule of Prior Year Audit Findings	146

INTRODUCTORY SECTION



Galloway Township Public Schools
"Where Children and Learning Come First"

101 South Reeds Road | Galloway, NJ 08205
Phone: (609) 748-1250 | Web: <http://www.gtps.k12.nj.us>

Annette C. Giaquinto, Ed. D.
Superintendent of Schools

Vickie L. Tomasco
School Business Administrator

October 6, 2010

Honorable President and
Members of the Board of Education
Galloway Township Public Schools
County of Atlantic, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Galloway Township Public School District for the fiscal year ended June 30, 2010, 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 Galloway Township Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1) REPORTING ENTITY AND ITS SERVICES:

Galloway Township Public School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Galloway Township Board of Education and all its schools constitute the District's reporting entity.

1) REPORTING ENTITY AND ITS SERVICES (CONT'D):

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular and special education for handicapped youngsters. The District completed the 2009/10 fiscal year with an enrollment of 3,672 students (including 127 students attending Charter Schools). The following details the changes in the student enrollment of the District over the last ten years.

June 30 Enrollment Per Year Data

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percentage Change</u>
2009-10	3672	-1.36%
2008-09	3723	-3.23%
2007-08	3847	-3.51%
2006-07	3982	-1.76%
2005-06	4052	0.3%
2004-05	4040	-1.03%
2003-04	4082	-0.95%
2002-03	4121	-0.43%
2001-02	4139	1.03%
2000-01	4097	4.54%

2) ECONOMIC CONDITION AND OUTLOOK:

The Galloway Township area is experiencing a downturn in development and expansion, especially in the gaming industry related to nearby Atlantic City. General businesses and economic growth to the area have been stable over a period of four years, which has resulted in a slight decrease in annual daily enrollment. This 15 year + history of expansion, is expected to resume and suggests Galloway Township will experience growth issues in the future.

3) MAJOR INITIATIVES:

Students in grades three through eight participated in the Assessment of Skills and Knowledge (ASK) for their designated grade level mandated by the State of New Jersey. Across the state and in every type of school district, preliminary results indicated that student performance and passing rates decreased. In recent years, the Department of Education advised us that scoring would be more rigorous. That type of notification was not given this year so we do not have a concrete explanation regarding the changes. The DOE did provide our AYP information and the status of each school. Please note the following:

3) MAJOR INITIATIVES (CONT'D):

<u>School</u>	<u>Indicators Met (40 possible)</u>	<u>Areas Missed</u>	<u>Status</u>
GTMS	35	LAL (4 subgroups) Math (1 subgroup)	Year 2
Reeds	35	LAL (grades 3-5 And 4 subgroups)	Year 2
Roland	39	LAL (1 subgroup)	Year 1
Smithville	37	LAL (grades 3-5 and 2 subgroups)	Year 1
Arthur Rann	40	None	N/A

During the 2009-2010 school year, there were key curriculum and instruction initiatives along with related staff development opportunities. All programs supported student achievement of the New Jersey Core Curriculum Content Standards and promoted teacher growth as per the New Jersey Professional Development Standards. Highlights include the following:

Balanced literacy approach, with a focus on Guided Reading and Phonemic Awareness;
follow-up to Writer's Notebook

Addressing Special Education Needs in Mathematics

Refining the Mathematics curriculum and pacing guide in grades 7 and 8: identifying a combination of materials (Connected Math and the former series Passport) for instructional delivery

Integrating the language of the standardized tests or "test talk" into daily instruction

Implementation of the revised grades 5-8 science curriculum and new program materials

Implementation of the revised K-8 Library program

Implementation of the revised PreK-8 ESL program

District technology initiatives, including use of student response systems and pilot work with iPods for instruction; refinement to the Technology Curriculum

Enhancing classroom management strategies and effective ways to work with challenging students

Working with the newly formed School Professional Development Committees; providing training and materials to assist the teams in writing school-level professional development plans for inclusion in the district Local Professional Development Plan (state-mandated)

Balanced literacy approach, with a focus on Writer's Notebook, Guided Reading, and Literature Circles

Addressing Special Education Needs in Mathematics

3) MAJOR INITIATIVES (CONT'D):

District technology initiatives, including addition of hardware, training for certified staff, and expanded programs for students; Implementation of district Technology Curriculum based on the NJ CCCS in Technology Standards

Implementation of revised K-6 gifted and talented programs for implementation

Implementation of revised middle school world language program (grades 7-8) and elementary world language program (grades 5-6); development of world language program (grades K-4)

Implementation of revised PreK-8 physical education curriculum and program

Implementation of revised Prek-8 guidance / school counseling program for

Review and revision of grades 5-8 science curriculum

Review and revision of K-8 Library program

Review and revision of PreK-8 ESL program

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

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5) BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget 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.

5) BUDGETARY CONTROLS (CONT'D):

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2010.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"), GUDPA was enacted in 1970 to protect Governmental Units from 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.

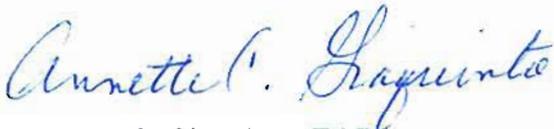
9) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company LLP 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organization, and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Requirements of Federal Grants, State Grants and State Aid. The auditor's report on the basic 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 Galloway Township Board of Education 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,

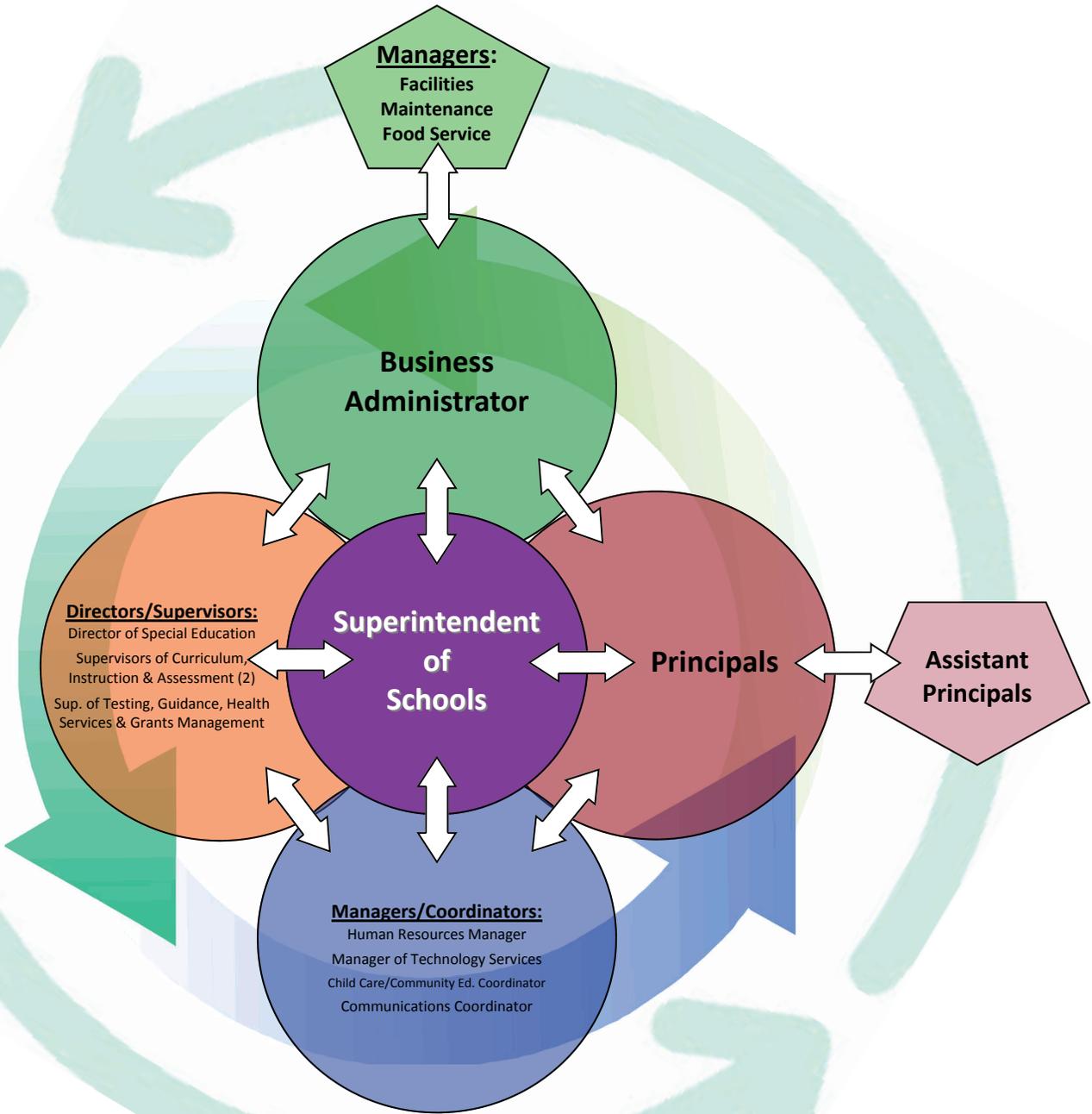


Annette C. Giaquinto, Ed.D
Superintendent of Schools



Vickie L. Tomasco
School Business Administrator/Board Secretary

Organizational Chart



***GALLOWAY TOWNSHIP PUBLIC SCHOOLS
MEMBERS OF THE BOARD OF EDUCATION AND
ADMINISTRATIVE STAFF
AS OF JUNE 30, 2010***

SCHOOL BOARD MEMBERS

TERM EXPIRES

John W. Knorr, President	2011
George Schwenger, Vice-President	2011
Suzette M. Cordero	2013
Richard Dase	2012
Beverly R. Evensen	2013
Rosemary Hollway	2013
Robert Iannacone	2012
Eileen Kasunich	2011
Katherine Styles	2012

ADMINISTRATIVE STAFF

Douglas B. Groff, Superintendent
 Annette C. Giaquinto, Ed.D Assistant Superintendent for Curriculum and Instruction
 Vickie L. Tomasco, Board Secretary, School Business Administrator

**PRINCIPALS
ELEMENTARY SCHOOLS**

Arthur Rann	John Gibson
Oceanville	Sharon Kurtz
Pomona	Sharon Kurtz
Reeds Road	William Zipparo, Ed.D.
Roland Rogers	Robin Moore, Ed.D.
Smithville	Kathie Hathaway, Ed.D.

MIDDLE SCHOOL

Galloway Township Middle School	Donald Gross, Ed.D.
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GALLOWAY TOWNSHIP BOARD OF EDUCATION
Consultants and Advisors

Audit Firm

Bowman & Company, LLP
601 White Horse Road
Voorhees, NJ 08043

Attorney

William Cappuccio, Esquire
650 S. White Horse Pike
PO Box 107
Hammonton, NJ 08037

Official Depository

Ocean City Home Bank
778 White Horse Pike
Absecon, NJ 08201

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Galloway School District
County of Atlantic
101 South Reeds Road
Galloway, New Jersey 08205

We have audited the accompanying financial statements of the governmental activities, the business type activities, and each major fund of the Township of Galloway School District, in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Galloway School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Township of Galloway School District in the County of Atlantic, State of New Jersey as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 6, 2010 on our consideration of the Township of Galloway School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in assessing the results of our audit.

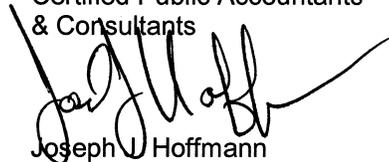
The accompanying management's discussion and analysis and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Galloway School District's basic financial statements. The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the financial statements. In addition, the introductory section, combining statements and related major fund supporting statements and schedules, and statistical section listed in the table of contents are also presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedules of Expenditures of Federal Awards and State Financial Assistance, combining statements and related major fund supporting statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Joseph J. Hoffmann
Certified Public Accountant
Public School Accountant No. CS 00759

Voorhees, New Jersey
October 6, 2010

**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**

The Honorable President and
Members of the Board of Education
Township of Galloway School District
County of Atlantic
101 South Reeds Road
Galloway, New Jersey 08205

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Township of Galloway School District, in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated October 6, 2010. We conducted our 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 Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the school district's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

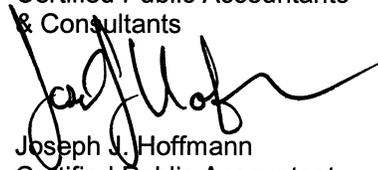
As part of obtaining reasonable assurance about whether the Township of Galloway School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could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

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Joseph J. Hoffmann
Certified Public Accountant
Public School Accountant No. CS 00759

Voorhees, New Jersey
October 6, 2010

REQUIRED SUPPLEMENTARY INFORMATION
PART I

GALLOWAY TOWNSHIP PUBLIC SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)

As management of the Galloway Township Public School District, we offer readers of the Galloway Township Public School District's financial statements this narrative overview and analysis of the financial activities of the Galloway Township Public School District for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the Galloway Township Public School District's financial performance as a whole; readers should also review the information furnished in our letter of transmittal, notes to the basic financial statements, and financial statements to enhance their understanding of the Galloway Township Public School District's financial performance.

Financial Highlights

- The assets of the Galloway Township Public School District exceeded its liabilities at the close of the most recent fiscal year by \$ 28,694,640 (net assets).
- The Galloway Township Public School District's total net assets increased by \$2,044,322. This increase is primarily attributable to the Galloway Township Public School District's decrease in long-term liabilities.
- As of the close of the current fiscal year, the Galloway Township Public School District's governmental funds reported combined ending fund balances of \$8,143,689, an decrease of \$1,322,036 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$358,129 approximately, an 83.6 percent decrease from that of the prior fiscal year.
- The Galloway Township Public School District's total debt decreased by \$2,763,857 as a result of budgeted debt and lease payments.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Galloway Township Public School District's basic financial statements. The Galloway Township Public School District's basic financial statements comprise three components: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements themselves.

District-wide financial statements The district-wide financial statements are designed to provide readers with a broad overview of the Galloway Township Public School District's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the Galloway Township Public School District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused sick leave.) Both of the district-wide financial statements distinguish functions of the Galloway Township Public School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

GALLOWAY TOWNSHIP PUBLIC SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited) (Cont'd)

District-wide financial statements (Cont'd) The governmental activities of the Galloway Township Public School District include the education of students in grades Pre-K-8 at the Galloway Township Public School District's seven schools. The business-type activities of the Galloway Township Public School District include a food service program, a school age child care program, a community education program and a gifted and talented consortium program.

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

Governmental Funds Most of the Galloway Township Public School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Galloway Township Public School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs.

The Galloway Township Public School District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, capital projects fund, debt service fund, and enterprise fund.

The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Also, the Galloway Township Public School District adopts an annual budget for its general fund, special revenue fund, and debt service fund. Budgetary comparison schedules have been provided for both to demonstrate compliance with the budgets.

Proprietary Funds The Galloway Township Public School District maintains three different types of proprietary funds. Enterprise funds, which are a proprietary fund type used to report an activity for which a fee is charged to external users for goods or services, are used to report the same functions presented as business-type activities in the district-wide financial statements. The Galloway Township Public School District uses enterprise funds to account for its food service program, its school age child care program, its community education program and its gifted and talented consortium program.

Proprietary funds provide the same type of information as the district-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the food service program, the school age child care program, the community education program and the gifted and talented consortium program.

Fiduciary Funds 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 Galloway Township Public School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statement The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

GALLOWAY TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited) (Cont'd)

District-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Galloway Township Public School District School District, assets exceeded liabilities by \$28,694,640 at the close of the most recent fiscal year.

The largest portion of the Galloway Township Public School District School District's net assets (**77 percent**) reflects its investment in capital assets (i.e., land, buildings, equipment); less any related debt used to acquire those assets that are still outstanding. The Galloway Township Public School District uses these assets to provide educational services to students; consequently, these assets are not available for future spending. Although the Galloway Township Public School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT'S NET ASSETS						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and Other Assets	\$ 9,786,469	\$ 10,199,490	\$ 404,738	\$ 364,727	\$ 10,191,207	\$ 10,564,217
Capital Assets	33,416,009	32,636,903	115,805	131,487	33,531,814	32,768,390
Total Assets	43,202,478	42,836,393	520,543	496,214	43,723,021	43,332,607
Long-term Liabilities Outstanding	13,128,374	15,813,963	106,318	128,615	13,234,692	15,942,578
Other Liabilities	1,670,744	687,456	122,945	52,254	1,793,689	739,710
Total Liabilities	14,799,118	16,501,419	229,263	180,869	15,028,381	16,682,288
Net Assets:						
Invested in Capital Assets, Net of Related Debt	21,984,625	18,485,993	115,805	131,488	22,100,430	18,617,481
Restricted	7,908,363	8,793,260			7,908,363	8,793,260
Unrestricted	(1,489,629)	(944,279)	175,476	183,857	(1,314,153)	(760,422)
Total Net Assets	\$ 28,403,359	\$ 26,334,974	\$ 291,281	\$ 315,345	\$ 28,694,640	\$ 26,650,319

A portion of the Galloway Township Public School District's net assets (33 percent) represents resources that are subject to external restrictions on how they may be used.

There was a decrease of \$24,064 in overall net assets for the Galloway Township Public School District's business-type activities. The primary reason was the decrease participation in business-type activity programs.

The Galloway Township Public School District's net assets increased by \$2,044,322. This primarily was as a result of a decrease in long-term liabilities.

GALLOWAY TOWNSHIP PUBLIC SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited) (Cont'd)

Governmental Activities Governmental activities increased the Galloway Township Public School District's net assets by \$2,068,386, thereby accounting for 100 percent of the total growth in net assets of the Galloway Township Public School District. Key elements of this increase are as follows:

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT'S CHANGES IN NET ASSETS						
	Governmental <u>Activities</u>		Business-Type <u>Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,071	\$ 21,394	\$ 1,234,155	\$ 1,299,664	\$ 1,236,226	\$ 1,321,058
Operating Grants and Contributions	5,770,795	5,317,020	843,897	864,946	6,614,692	6,181,966
General Revenues:						
Property Taxes	29,637,135	28,613,552			29,637,135	28,613,552
Grants and Contributions not Restricted to Specific Programs	24,597,098	24,158,179			24,597,098	24,158,179
Other	1,062,067	1,810,136	4,040	4,362	1,066,107	1,814,498
Total Revenues	61,069,166	59,920,281	2,082,092	2,168,972	63,151,258	62,089,253
Expenses:						
Instruction	25,663,784	24,141,735			25,663,784	24,141,735
Support Services	30,913,156	30,135,257			30,913,156	30,135,257
Charter Schools	1,815,653	1,597,496			1,815,653	1,597,496
Unallocated Depreciation	1,826	1,826			1,826	1,826
Interest on Debt	573,969	579,059			573,969	579,059
<i>Food Service</i>			1,769,164	1,785,332	1,769,164	1,785,332
<i>Gifted and Talented</i>			27,109	28,047	27,109	28,047
<i>Childcare Program</i>			299,527	367,744	299,527	367,744
<i>Community Education</i>			45,356	58,593	45,356	58,593
Total Expenses	58,968,388	56,455,373	2,141,156	2,239,716	61,109,544	58,695,089
Increase in Net Assets before Transfers	2,100,778	3,464,908	(59,064)	(70,744)	2,041,714	3,394,164
Transfers	(32,393)	22,543	35,000	56,900	2,607	79,443
Increase in Net Assets	2,068,385	3,487,451	(24,064)	(13,844)	2,044,321	3,473,607
Net Assets, July 1	26,334,974	22,847,523	315,345	329,189	26,650,319	23,176,712
Net Assets, June 30	\$ 28,403,359	\$ 26,334,974	\$ 291,281	\$ 315,345	\$ 28,694,640	\$ 26,650,319

- Property taxes increased by \$1,023,613 (3.5 percent) during the year. The property taxes remained at a fairly level amount.
- Other revenues decreased by \$748,069 (41.3 percent). This was mainly due to a refund of health benefit costs in the prior year.

GALLOWAY TOWNSHIP PUBLIC SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited) (Cont'd)

Governmental Activities (Cont'd) A large portion of the overall \$2,513,015 increase in expenses was attributable to Instruction, which increased \$1,522,049 and Support Services which increased \$777,899. These support services were in the form of teacher training and development to coincide with the No Child Left Behind Legislation, as well as, curriculum initiatives by the District.

Business-Type Activities Business-type activities decreased the Galloway Township Public School District's net assets by \$24,064.

Financial Analysis of the Government's Funds

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

Governmental Fund The focus of the Galloway Township Public 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 Galloway Township Public 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 Galloway Township Public School District's governmental funds reported combining ending fund balances of \$8,143,689, a decrease of \$1,322,036., in comparison with the prior year. This decrease is primarily a result of the utilization of fund balance in the current year budget and the reduction of state aid.

Of the combined ending fund balances of \$8,143,689, the unreserved fund balance is \$4,246,753. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed (1) to liquidate contracts and purchase orders of the prior period (\$1,673,086), (2) reserved for future tax relief (\$1,706,696), (3) reserved for future capital expenditures (\$207,807) and (4) reserved for emergencies (\$309,347).

The general fund is the main operating fund of the Galloway Township Public School District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$358,129, while total fund balance was \$2,582,074.

The special revenue fund had a fund balance deficit at the end of the current fiscal year in the amount of \$10,230.

The debt service fund had a fund balance at fiscal year- end of \$274,001.

The capital projects fund had a fund balance at the end of the current fiscal year of \$5,297,844.

Proprietary Funds The Galloway Township Public School District's proprietary funds provide the same type of information found in the district-wide financial statements, but in more detail.

Unrestricted net assets consisted of the following: a positive balance of \$109,950 for the food service program, a positive balance of \$41,907 for the NJ Gifted and Talented Consortium program, a positive balance of \$46,853 for the Child Care program and a positive balance of \$92,571 for the Community Education program. Other factors concerning the finances of these four funds have already been addressed in the discussion of the Galloway Township Public School District's business-type activities.

GALLOWAY TOWNSHIP PUBLIC SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited) (Cont'd)

General Fund Budgetary Highlights

During the preparation of the budget for the of the 2010 fiscal year, the Galloway Township Public School District had two major goals; to improve the educational progress of its students through curriculum initiatives and the professional development of teachers and to improve and maintain its facilities.

During fiscal year 2010, the Galloway Township Public School District budgeted \$29,637,135 and \$25,317,877 for property taxes (local tax levy) and state aid revenues, respectively. The Galloway Township Public School District also received \$1,808,259 and \$1,528,863 reimbursed T.P.A.F. Social Security Aid and T.P.A.F. Pension Contributions, respectively.

The Galloway Township Public School District's expenditures also include the reimbursed TPAF Social Security Aid and T.P.A.F. Pension Contributions of \$1,808,259 and \$1,528,863 respectively, which contributes to an unfavorable expenditure variance for the fiscal year.

Capital Asset and Debt Administration

Capital Assets The Galloway Township Public School District's investment in capital assets for its governmental and business-type activities as of June 30, 2010 amounts to \$33,416,009 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, and equipment. There was a net increase in the Galloway Township Public School District's investment in capital assets for the current fiscal year of 2.3 percent. The net increase was due to a combination of accumulated depreciation as per GASB 34 and new purchases.

At the end of the fiscal year 2009, the Galloway Township Public School District had \$32,636,903 invested in land, construction in progress, land improvements, buildings and improvements and equipment.

Major capital asset events during the fiscal year include the following:

- Replacement of intercom and clock systems at Reeds Road, Roland and Smithville Elementary Schools and Oceanville and Pomona Kindergarten Learning Centers
- Replacement of asphalt at Reeds Road Elementary School and Pomona Kindergarten Learning Center
- Upgrade to keyless entry system at the Galloway Township Middle School

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT'S CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)							
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
Land	\$ 3,216,400	\$ 3,216,400			\$ 3,216,400	\$ 3,216,400	
Building Improvements	29,736,827	28,995,267			29,736,827	28,995,267	
Equipment	462,782	425,236	\$ 115,805	\$ 131,487	578,587	556,723	
Total	\$ 33,416,009	\$ 32,636,903	\$ 115,805	\$ 131,487	\$ 33,531,814	\$ 32,768,390	

GALLOWAY TOWNSHIP PUBLIC SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited) (Cont'd)

Capital Assets (Cont'd) Additional information on the Galloway Township Public School District's capital assets can be found in Note 6 to the financial statements.

Long-term Debt At the end of the current fiscal year, the Galloway Township Public School District had total bonded debt outstanding of \$11,671,000. The entire Galloway Township Public School District's bonded debt is governmental as opposed to business-type. The 2011 adopted budget has an appropriation of \$2,504,000 representing the payment of the annual principal. The 1996 bonds will mature on December 15, 2010, the 2006 bonds will mature on February 1, 2016 and the 2009 Bonds will mature on March 1, 2024.

Economic Factors and Next Year's Budget

For the 2010-11 school-year the Galloway Township Public School District was able to sustain its budget through the township tax levy, federal aid, state aid and miscellaneous revenue sources. Approximately 52.2 percent of total revenue is from local tax levy, while 40.5 percent of the Galloway Township Public School District's revenue is from federal, state and local aid (restricted and not restricted). The most important factor affecting the Galloway Township Public School District's budget is the changes in the funding formula, which cause inconsistency in the level of aid received. The 2010-11 budget was defeated by the voters in April 2010. The initial request to increase the tax rate by 1.5 cents was reduced to a zero tax increase by the Municipal Government.

The Galloway Township Public School District anticipates a slight decrease in enrollment for the 2010-11 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Galloway Township Public School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Vickie L. Tomasco, Business Administrator/ Board Secretary at the Administration Building, 101 S. Reeds Road, Galloway, New Jersey 08205, or e-mail at tomascov@gtps.k12.nj.us.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
Statement of Net Assets
June 30, 2010

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 890,797.24	\$ 275,719.45	\$ 1,166,516.69
Unamortized Debt Issuance Costs	207,360.05		207,360.05
Receivables, net	3,875,822.12	83,101.85	3,958,923.97
Restricted Cash and Cash Equivalents	4,812,488.88		4,812,488.88
Inventory		45,917.31	45,917.31
Capital Assets, net (Note 6)	<u>33,416,009.38</u>	<u>115,804.60</u>	<u>33,531,813.98</u>
Total Assets	<u>43,202,477.67</u>	<u>520,543.21</u>	<u>43,723,020.88</u>
LIABILITIES:			
Accounts Payable	1,392,408.62	90,680.42	1,483,089.04
Payable to Other Governments	39,356.52		39,356.52
Accrued Interest	235,325.04		235,325.04
Deferred Revenue	3,654.47	15,637.26	19,291.73
Noncurrent Liabilities (Note 7):			
Due within One Year	2,548,043.70	17,297.06	2,565,340.76
Due beyond One Year	<u>10,580,329.89</u>	<u>105,647.71</u>	<u>10,685,977.60</u>
Total Liabilities	<u>14,799,118.24</u>	<u>229,262.45</u>	<u>15,028,380.69</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	21,984,624.78	115,804.60	22,100,429.38
Restricted for:			
Debt Service (Deficit)	38,675.46		38,675.46
Capital Projects	5,297,844.18		5,297,844.18
Other Purposes	2,571,843.95		2,571,843.95
Unrestricted (Deficit)	<u>(1,489,628.94)</u>	<u>175,476.16</u>	<u>(1,314,152.78)</u>
Total Net Assets	<u>\$ 28,403,359.43</u>	<u>\$ 291,280.76</u>	<u>\$ 28,694,640.19</u>

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

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2010

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 15,219,460.13	\$ 1,839,513.45		\$ (15,219,460.13)	\$	\$ (15,219,460.13)
Special Education	7,989,094.22			(6,147,509.47)		(6,147,509.47)
Other Special Instruction	1,374,482.77			(1,374,482.77)		(1,374,482.77)
Other Instruction	107,338.55			(107,338.55)		(107,338.55)
Support Services:						
Tuition	973,407.62			(973,407.62)		(973,407.62)
Student and Instruction Related Services	6,131,638.97	235,211.33		(5,896,427.64)		(5,896,427.64)
School Administrative Services	1,837,171.21			(1,837,171.21)		(1,837,171.21)
General and Business Administrative Services	1,614,954.26			(1,614,954.26)		(1,614,954.26)
Plant Operations and Maintenance	3,851,643.25			(3,851,643.25)		(3,851,643.25)
Pupil Transportation	3,729,345.98			(3,729,345.98)		(3,729,345.98)
Unallocated Benefits	10,411,281.08	134,617.60		(10,276,663.48)		(10,276,663.48)
Reimbursed TPAF and Social Security	3,337,122.01	3,337,122.01				
Transfer to Charter School	1,815,653.00			(1,815,653.00)		(1,815,653.00)
Unallocated Depreciation	1,825.93			(1,825.93)		(1,825.93)
Interest on Long-Term Debt	573,988.95			(349,638.75)		(349,638.75)
Total Governmental Activities	58,968,387.93	2,071.30	-	(53,195,522.04)	-	(53,195,522.04)
Business-Type Activities:						
Food Service	1,769,163.62	843,897.00			\$ (47,598.06)	(47,598.06)
Gifted and Talented Consortium	27,109.19				2,375.81	2,375.81
Childcare Program	299,527.54				(12,190.79)	(12,190.79)
Community Education	45,356.21				(5,691.44)	(5,691.44)
Total Business-Type Activities	2,141,156.56	843,897.00	-	-	(63,104.48)	(63,104.48)
Total Primary Government	\$ 61,109,544.49	\$ 6,614,691.59	-	(53,195,522.04)	(63,104.48)	(53,258,626.52)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, net				27,820,785.00		27,820,785.00
Taxes Levied for Debt Service				1,816,350.00		1,816,350.00
Federal and State Aid not Restricted				22,496,716.04		22,496,716.04
Federal and State Aid Restricted				2,100,381.80		2,100,381.80
Miscellaneous Income				1,062,067.71	4,040.35	1,066,108.06
Transfers				(32,392.72)	35,000.00	2,607.28
Total General Revenues, Special Items, Extraordinary Items and Transfers				55,263,907.83	39,040.35	55,302,948.18
Change in Net Assets				2,068,385.79	(24,064.13)	2,044,321.66
Net Assets -- July 1				26,334,973.64	315,344.89	26,650,318.53
Net Assets -- June 30				\$ 28,403,359.43	\$ 291,280.76	\$ 28,694,640.19

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

FUND FINANCIAL STATEMENTS

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Balance Sheet
 Governmental Funds
 June 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 890,797.24		\$ 4,538,488.38	\$ 274,000.50	\$ 5,703,286.12
Receivables, net:					
Interfunds Receivable:					
Food Service Enterprise Fund	90,058.38				90,058.38
Special Revenue Fund	1,063,579.35				1,063,579.35
Receivables from Other Governments:					
State of NJ -- FICA	89,016.15				89,016.15
State of NJ -- Extraordinary Aid	411,888.00				411,888.00
State of NJ -- Homeless Student Aid	37,572.00				37,572.00
State of NJ -- Non-Public Transportation	24,724.00				24,724.00
State of NJ -- EDA Grants			954,816.00		954,816.00
Federal Grants		\$ 1,176,466.91			1,176,466.91
Other Receivables	27,296.30	405.03			27,701.33
Total Assets	\$ 2,634,931.42	\$ 1,176,871.94	\$ 5,493,304.38	\$ 274,000.50	\$ 9,579,108.24
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 46,942.03	\$ 80,511.60	\$ 195,460.20		\$ 322,913.83
Interfunds Payable:					
Childcare Enterprise Fund	141.24				141.24
Community Education Enterprise Fund	98.13				98.13
Payroll Agency Fund	5,676.07				5,676.07
General Fund		1,063,579.35			1,063,579.35
Payable to State Government		39,356.52			39,356.52
Deferred Revenue		3,654.47			3,654.47
Total Liabilities	52,857.47	1,187,101.94	195,460.20	-	1,435,419.61
Fund Balances:					
Reserved for:					
Encumbrances	95.00		1,672,991.00		1,673,086.00
Capital Reserve Account	207,806.93				207,806.93
Emergency Reserve	309,346.75				309,346.75
Excess Surplus -- Designated for Subsequent Year's Expenditures	1,706,695.99				1,706,695.99
Unreserved -- Undesignated		(10,230.00)		\$ 0.50	(10,229.50)
Unreserved -- Designated for Subsequent Year's Expenditures	358,129.28		3,624,853.18	274,000.00	4,256,982.46
Total Fund Balances	2,582,073.95	(10,230.00)	5,297,844.18	274,000.50	8,143,688.63
Total Liabilities and Fund Balances	\$ 2,634,931.42	\$ 1,176,871.94	\$ 5,493,304.38	\$ 274,000.50	

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

- Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$55,016,239.67 and the accumulated depreciation is \$21,600,230.29. 33,416,009.38
- 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. (13,128,373.59)
- Governmental funds report the effect of issuance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the difference in the treatment of the long-term debt related items. 207,360.05
- Accrued interest on bonds payable and capital leases is not due and payable in the current period and therefore are not reported as liabilities in the funds. (235,325.04)

Net assets of governmental activities \$ 28,403,359.43

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

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Tax Levy	\$ 27,820,785.00			\$ 1,816,350.00	\$ 29,637,135.00
Tuition Charges	2,071.30				2,071.30
Miscellaneous	1,062,067.71	\$ 16,778.23			1,078,845.94
State Sources	22,101,576.01	314,816.93	\$ 954,816.00	1,294,302.00	24,665,510.94
Federal Sources	3,732,262.04	1,953,341.22			5,685,603.26
Total Revenues	54,718,762.06	2,284,936.38	954,816.00	3,110,652.00	61,069,166.44
EXPENDITURES:					
Regular Instruction	14,312,518.54				14,312,518.54
Special Education Instruction	5,661,227.58	1,839,513.45			7,500,741.03
Other Special Instruction	1,374,482.77				1,374,482.77
Other Instruction	107,338.55				107,338.55
Support Services and Undistributed Costs:					
Tuition	973,407.62				973,407.62
Student and Instruction Related Services	5,886,667.39	235,211.33			6,121,878.72
School Administrative Services	1,821,310.50				1,821,310.50
Other Administrative Services	1,577,957.02				1,577,957.02
Plant Operations and Maintenance	3,817,166.16				3,817,166.16
Pupil Transportation	3,729,345.98				3,729,345.98
Unallocated Benefits	10,276,663.48	134,617.60			10,411,281.08
Reimbursed TPAF Pension and Social Security	3,337,122.01				3,337,122.01
Transfer to Charter School	1,815,653.00				1,815,653.00
Debt Service:					
Principal				2,345,000.00	2,345,000.00
Interest and Other Charges				491,652.50	491,652.50
Capital Outlay	587,336.27	75,594.00	1,975,394.61		2,638,324.88
Total Expenditures	55,278,196.87	2,284,936.38	1,975,394.61	2,836,652.50	62,375,180.36
Excess (Deficiency) of Revenues over Expenditures	(559,434.81)	-	(1,020,578.61)	273,999.50	(1,306,013.92)
OTHER FINANCING SOURCES (USES):					
Assets Acquired Under Capital Lease	16,370.64				16,370.64
Operating Transfer Out to Food Service Fund -- Transfer to Cover Deficit	(35,000.00)				(35,000.00)
Transfers To and From Capital Reserve	(3,952,422.79)		3,952,422.79		
Cancellation of Special Revenue Grants	2,607.28				2,607.28
Total Other Financing Sources and Uses	(3,968,444.87)	-	3,952,422.79	-	(16,022.08)
Net Change in Fund Balances	(4,527,879.68)	-	2,931,844.18	273,999.50	(1,322,036.00)
Fund Balance (Deficit)-- July 1	7,109,953.63	(10,230.00)	2,366,000.00	1.00	9,465,724.63
Fund Balance (Deficit) -- June 30	\$ 2,582,073.95	\$ (10,230.00)	\$ 5,297,844.18	\$ 274,000.50	\$ 8,143,688.63

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

TOWNSHIP OF GALLOWAY 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, 2010

Total Net Change in Fund Balances - Governmental Funds	\$ (1,322,036.00)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation Expense	\$ (1,442,506.89)
Lease Purchase Principal Charged to Capital Outlay	(416,711.60)
Capital Outlays	<u>2,638,324.88</u>
779,106.39	
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	2,345,000.00
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	418,856.55
Governmental funds report the effect of the issuance of lease purchase proceeds as revenue when received in cash but not expensed until actually expended.	(16,370.64)
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest adjustment is an addition in the reconciliation. (+)	(54,356.15)
Governmental funds report the effect of issuance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the difference in the treatment of the long-term debt related items.	
Amortization of Debt Issuance Costs	(19,918.04)
Amortization of Loss on Refunding Bonds	(50,679.41)
Amortization of Bond Sale Premiums	42,637.15
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 reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).	<u>(53,854.06)</u>
Change in Net Assets of Governmental Activities	<u>\$ 2,068,385.79</u>

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

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Statement of Net Assets
 Enterprise Funds
 June 30, 2010

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Gifted and Talented Consortium</u>	<u>Community Education</u>	<u>Total</u>
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	\$ 101,167.52	\$ 40,171.78	\$ 41,906.81	\$ 92,473.34	\$ 275,719.45
Accounts Receivable:					
State	3,711.86				3,711.86
Federal	69,913.31				69,913.31
Other	2,345.14	1,360.00			3,705.14
Interfund Accounts Receivable:					
Due General Fund		141.24		98.13	239.37
Due Agency Fund -- Payroll		5,532.17			5,532.17
Inventories	45,917.31				45,917.31
Total Current Assets	223,055.14	47,205.19	41,906.81	92,571.47	404,738.61
Noncurrent Assets:					
Restricted Cash and Cash Equivalents					
Furniture, Machinery and Equipment	551,531.59				551,531.59
Less Accumulated Depreciation	(435,726.99)				(435,726.99)
Total Noncurrent Assets	115,804.60	-	-	-	115,804.60
Total Assets	338,859.74	47,205.19	41,906.81	92,571.47	520,543.21
LIABILITIES:					
Current Liabilities:					
Interfund Accounts Payable:					
Due General Fund	90,058.38				90,058.38
Accounts Payable	269.54	352.50			622.04
Deferred Revenue	15,637.26				15,637.26
Compensated Absences Payable	4,795.81				4,795.81
Capital Leases Payable	12,501.25				12,501.25
	123,262.24	352.50	-	-	123,614.74
Noncurrent Liabilities:					
Compensated Absences	105,647.71	-	-	-	105,647.71
Total Liabilities	228,909.95	352.50	-	-	229,262.45
NET ASSETS:					
Unrestricted	\$ 109,949.79	\$ 46,852.69	\$ 41,906.81	\$ 92,571.47	\$ 291,280.76

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Statement of Revenues, Expenses and Changes in Fund Net Assets
 Enterprise Funds
 For the Fiscal Year Ended June 30, 2010

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Gifted and Talented Consortium</u>	<u>Community Education</u>	<u>Total</u>
OPERATING REVENUES:					
Charges for Services:					
Daily Sales - Reimbursable Programs:					
School Lunch Program	\$ 585,207.80				\$ 585,207.80
School Breakfast Program	20,971.60				20,971.60
Daily Sales - Non-Reimbursable Programs	257,790.92				257,790.92
Community Service Activities		\$ 287,336.75	\$ 29,485.00	\$ 39,664.77	356,486.52
Special Functions	13,698.24				13,698.24
Total Operating Revenues	877,668.56	287,336.75	29,485.00	39,664.77	1,234,155.08
OPERATING EXPENSES:					
Salaries	750,806.94	228,541.02	22,652.75	38,125.41	1,040,126.12
Employee Benefits	268,545.55	55,177.79	1,732.93	2,916.60	328,372.87
Purchased Property Services	31,793.66				31,793.66
Other Purchased Services	4,000.00				4,000.00
General Supplies	51,266.27	15,804.73	2,723.51	4,314.20	74,108.71
Depreciation	15,682.81				15,682.81
Cost of Sales	639,387.47				639,387.47
Miscellaneous	7,680.92	4.00			7,684.92
Total Operating Expenses	1,769,163.62	299,527.54	27,109.19	45,356.21	2,141,156.56
Operating Income / (Loss)	(891,495.06)	(12,190.79)	2,375.81	(5,691.44)	(907,001.48)
NONOPERATING REVENUES (EXPENSES):					
State Sources:					
State School Lunch Program	29,702.42				29,702.42
State School Breakfast Program	6,875.00				6,875.00
Federal Sources:					
National School Lunch Program	607,868.26				607,868.26
National School Breakfast Program	89,053.84				89,053.84
Food Distribution Program	110,397.48				110,397.48
Board Contribution	35,000.00				35,000.00
Interest Revenue	1,336.78	1,002.26	681.74	1,019.57	4,040.35
Total Nonoperating Revenues (Expenses)	880,233.78	1,002.26	681.74	1,019.57	882,937.35
Income (Loss) before Contributions and Transfers	(11,261.28)	(11,188.53)	3,057.55	(4,671.87)	(24,064.13)
Add: Fixed Assets Acquired by Contributed Capital	-	-	-	-	-
Change in Net Assets	(11,261.28)	(11,188.53)	3,057.55	(4,671.87)	(24,064.13)
Net Assets -- July 1	121,211.07	58,041.22	38,849.26	97,243.34	315,344.89
Net Assets -- June 30	\$ 109,949.79	\$ 46,852.69	\$ 41,906.81	\$ 92,571.47	\$ 291,280.76

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Statement of Cash Flows
 Enterprise Fund
 For the Fiscal Year Ended June 30, 2010

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Gifted and Talented Consortium</u>	<u>Community Education</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from Customers	\$ 878,192.96	\$ 287,510.13	\$ 29,485.00	\$ 39,664.77	\$ 1,234,852.86
Payments to Employees	(732,877.83)	(228,541.02)	(22,652.75)	(38,125.41)	(1,022,197.01)
Payments for Employee Benefits	(268,545.55)	(55,177.79)	(1,732.93)	(2,916.60)	(328,372.87)
Payments to Suppliers	<u>(726,441.78)</u>	<u>(15,456.23)</u>	<u>(2,723.51)</u>	<u>(4,314.20)</u>	<u>(748,935.72)</u>
Net Cash Provided by (used for) Operating Activities	<u>(849,672.20)</u>	<u>(11,664.91)</u>	<u>2,375.81</u>	<u>(5,691.44)</u>	<u>(864,652.74)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
State Sources	35,346.80				35,346.80
Federal Sources	780,446.93				780,446.93
Operating Subsidies and Transfers to Other Funds	<u>152,429.04</u>	<u>(32,750.54)</u>	<u>147.16</u>	<u>10,085.05</u>	<u>129,910.71</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>968,222.77</u>	<u>(32,750.54)</u>	<u>147.16</u>	<u>10,085.05</u>	<u>945,704.44</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchases of Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Payment of Capital Leases	(23,599.00)				(23,599.00)
Interest Revenue	<u>1,336.78</u>	<u>1,002.26</u>	<u>681.74</u>	<u>1,019.57</u>	<u>4,040.35</u>
	<u>(22,262.22)</u>	<u>1,002.26</u>	<u>681.74</u>	<u>1,019.57</u>	<u>(19,558.65)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	96,288.35	(43,413.19)	3,204.71	5,413.18	61,493.05
Cash and Cash Equivalents -- July 1	<u>4,879.17</u>	<u>83,584.97</u>	<u>38,702.10</u>	<u>87,060.16</u>	<u>214,226.40</u>
Cash and Equivalents -- June 30	<u>\$ 101,167.52</u>	<u>\$ 40,171.78</u>	<u>\$ 41,906.81</u>	<u>\$ 92,473.34</u>	<u>\$ 275,719.45</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)					
by Operating Activities:					
Operating Income (Loss)	\$ (891,495.06)	\$ (12,190.79)	\$ 2,375.81	\$ (5,691.44)	\$ (907,001.48)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:					
Depreciation and Net Amortization	15,682.81				15,682.81
(Increase) Decrease in Accounts Receivable, net	5,958.50	173.38			6,131.88
(Increase) Decrease in Inventories	7,417.00				7,417.00
Increase (Decrease) in Accounts Payable	(5,164.56)	352.50			(4,812.06)
Increase (Decrease) in Accrued Salaries Benefits	<u>17,929.11</u>				<u>17,929.11</u>
Total Adjustments	<u>41,822.86</u>	<u>525.88</u>	<u>-</u>	<u>-</u>	<u>42,348.74</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (849,672.20)</u>	<u>\$ (11,664.91)</u>	<u>\$ 2,375.81</u>	<u>\$ (5,691.44)</u>	<u>\$ (864,652.74)</u>

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	<u>Trust Funds</u>	<u>Agency Funds</u>	
	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>
ASSETS:			
Cash and Cash Equivalents	\$ 112,767.95	\$ 59,611.63	\$ 237,161.54
Interfund Accounts Receivable:			
Due General Fund			5,676.07
Due Payroll Fund	143.90		
Total Assets	<u>112,911.85</u>	<u>\$ 59,611.63</u>	<u>\$ 242,837.61</u>
LIABILITIES:			
Payable to Student Groups		\$ 59,611.63	
Accounts Payable	5,262.78		
Interfund Accounts Payable:			
Due Childcare Fund			\$ 5,532.17
Due Unemployment Trust Fund			143.90
Payroll Deductions and Withholdings			237,161.54
Total Liabilities	<u>5,262.78</u>	<u>\$ 59,611.63</u>	<u>\$ 242,837.61</u>
NET ASSETS:			
Held in Trust for Unemployment Claims	<u>107,649.07</u>		
Total Net Assets	<u>\$ 107,649.07</u>		

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2010

	Unemployment Compensation Trust
ADDITIONS:	
Payroll Deductions Withheld	<u>\$ 53,799.83</u>
Total Contributions	<u>53,799.83</u>
Investment Earnings:	
Interest	<u>1,359.65</u>
Total Additions	<u>55,159.48</u>
DEDUCTIONS:	
Unemployment Claims	<u>34,946.10</u>
Change in Net Assets	20,213.38
Net Assets -- July 1	<u>87,435.69</u>
Net Assets -- June 30	<u><u>\$ 107,649.07</u></u>

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity - The Township of Galloway School District (hereafter referred to as the "School District") is a Type II district located in the County of Atlantic, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the School District is to educate students in grades Pre-K through eight at its seven schools. The School District has an approximate enrollment at June 30, 2010 of 3,672.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the 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. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

Component Units - GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The following organizations are considered component units; however, the School District has determined that they are not significant and, therefore, have not been included in the basic financial statements:

Galloway Township Education Foundation
Post Office Box 728
Galloway, New Jersey 08205

Requests for financial information should be addressed to the organizations listed above.

Basis of Presentation - The 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 School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities, and to its proprietary funds, provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described in this Note.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Basis of Presentation (Cont'd)**

District-wide Financial Statements - The statement of net assets 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 assets 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.

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. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Governmental Funds (Cont'd)**

General Fund (Cont'd) - In addition to the capital outlay sub-fund, the School District is accountable for two additional sub-funds resulting from federal legislation signed into law on February 17, 2009. This federal law requires the tracking and separate reporting of American Recovery and Reinvestment Act (ARRA) funds. ARRA State Fiscal Stabilization Funds were provided to districts to be used for general fund expenses. The New Jersey State Department of Education requires that the ARRA - Education Stabilization Fund (ESF) is to be recorded as a separate and ARRA - Government Services Fund (GSF) as a separate sub-fund.

Special Revenue Fund - The special revenue fund is used to account for the proceeds of specific revenues from the federal and state government, other than major capital projects, debt service, or the enterprise funds, and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. The financial resources are derived from 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 the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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

Enterprise Funds - The enterprise funds are used to account for operations:

1. that are financed and operated in a manner similar to private business enterprises, where the intent of the School District is that the 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
2. 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.

The School District's enterprise funds are:

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

Gifted and Talented Fund - This fund accounts for the financial activity related to other educational programs.

Child Care Fund - This fund accounts for the financial activity related to providing day care services for School District students before school and after school

Community Education Fund - This fund accounts for financial activity related to providing educational services to residents in 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 assets) is segregated into investment in capital assets, net of related debt, and unrestricted net assets, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Proprietary Funds (Cont'd) - 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	5-12 Years
Light Trucks and Vehicles	4-10 Years
Heavy Trucks and Vehicles	6-10 Years

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose 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 three fiduciary funds, an unemployment compensation trust fund, a student activity fund, and payroll fund.

Measurement Focus

District-wide Financial Statements - The district-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 assets.

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 assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. 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

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 deferred revenue, and in the presentation of expenses versus expenditures.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Basis of Accounting (Cont'd)**

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. 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 thirty 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 moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of the 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. Restricted formula aid, which includes Preschool Education Aid are recorded in the special revenue fund in accordance with The Audit Program promulgated by the New Jersey Department of Education, which requires that these grants be realized in an amount equal to program expenditures.

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 deferred 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 and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A: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 as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Budgets / Budgetary Control (Cont'd) - 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.

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 fiscal year end as expenditures in the general fund since the general fund budget follows modified accrual basis, with the exception of the revenue recognition policy for the last state aid payment.

Encumbrances - Under encumbrance accounting purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the School District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

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

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. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional 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 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Tuition Payable - Tuition charges for the fiscal years ended June 30, 2010 and 2009 were based on rates established by the receiving 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 method.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on 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, 2010.

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. This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Deferred Expenditures - Deferred expenditures are disbursements that are made in one period, but are more accurately reflected as an expenditure / expense in the next fiscal period. Unlike prepaid expenses, deferred expenditures are not regularly recurring costs of operations.

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 assets, except for the net residual amounts due between governmental and business-type activities, which are presented as interfunds receivable and / or interfunds payable.

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 assets 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 assets and the proprietary fund statement of net assets.

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 \$2,000.00. 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Capital Assets (Cont'd) - Depreciation is computed using the straight-line method over the following useful lives:

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

Accrued Salaries and Wages - Certain School District employees, who provide services to the School District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2010, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

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.

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, 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 Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fund Balance Reserves - The School District reserves portions of fund balance which are legally segregated for specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation for expenditures. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Fund balance reserves are established for encumbrances, legally restricted appropriations, tuition, excess surplus, capital reserve accounts, maintenance reserve accounts, emergency reserves, and debt service reserves.

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 and gifted and talented program fees, community education fees, and tuition for the childcare program. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts.

Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

Interfund Activity - Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures / expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources / uses in governmental funds and after non-operating revenues / expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures / expenses to the funds that initially paid for them are not presented on the financial statements.

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

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. Of the School District's bank balance of \$8,386,353.68 as of June 30, 2010, \$219,263.83 was uninsured and uncollateralized.

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District by inclusion of \$1.00 on September 1, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, 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 fiscal year-end (June 1 to June 30) 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 by either 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.

Note 3: CAPITAL RESERVE ACCOUNT (CONT'D)

The activity of the capital reserve for the July 1, 2009 to June 30, 2010 fiscal year is as follows:

Beginning Balance July 1, 2009		\$ 2,141,699.47
Increased by:		
Interest Earnings	\$ 18,530.25	
Deposits:		
Local Portion of EFCFA Projects Canceled	34,299.21	
Approved at March 2009 election	<u>2,000,000.00</u>	
Decreased by:		2,052,829.46
Withdrawals:		
Board Resolution March 16, 2009	186,300.00	
Board Resolution September 14, 2009	3,391,047.00	
Board Resolution June 28, 2010	<u>409,375.00</u>	
Total Withdrawals		<u>3,986,722.00</u>
Ending Balance June 30, 2010		<u>\$ 207,806.93</u>

The June 30, 2010 LRFP balance of local support costs of uncompleted projects at June 30, 2010 is \$2,754,495.65. The withdrawals from the capital reserve were for use in a DOE approved facilities projects, consistent with the School District's LRFP.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2010 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds.

Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Funds</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Intergovernmental	\$ 563,200.15	\$ 1,176,466.91	\$ 73,625.17	\$ 954,816.00	\$ 2,768,108.23
Other	<u>27,296.30</u>	<u>405.03</u>	<u>3,705.14</u>		<u>31,406.47</u>
Total	<u>\$ 590,496.45</u>	<u>\$ 1,176,871.94</u>	<u>\$ 77,330.31</u>	<u>954,816.00</u>	<u>\$ 2,799,514.70</u>

Note 5: INVENTORY

Inventory in the food service fund at June 30, 2010 consisted of the following:

Food	\$ 9,923.99
Commodities	29,195.75
Supplies	<u>6,797.57</u>
	<u>\$ 45,917.31</u>

Note 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010 was as follows:

	<u>Balance July 1, 2009</u>	<u>Additions / Adjustments</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 3,216,399.79			\$ 3,216,399.79
Construction in Progress				
Total Capital Assets not being Depreciated	<u>3,216,399.79</u>	<u>-</u>	<u>-</u>	<u>3,216,399.79</u>
Capital Assets, being Depreciated:				
Land Improvements		\$ 95,837.99		95,837.99
Building and Improvements	48,212,116.68	1,987,836.61		50,199,953.29
Equipment	1,386,128.92	137,938.68	\$ (20,019.00)	1,504,048.60
Total Capital Assets, being Depreciated	<u>49,598,245.60</u>	<u>2,221,613.28</u>	<u>(20,019.00)</u>	<u>51,799,839.88</u>
Less Accumulated Depreciation for:				
Land Improvements		(40,959.60)		(40,959.60)
Building and Improvements	(19,216,849.63)	(1,301,154.94)		(20,518,004.57)
Equipment	(960,892.77)	(100,392.35)	20,019.00	(1,041,266.12)
Total Accumulated Depreciation	<u>(20,177,742.40)</u>	<u>(1,442,506.89) *</u>	<u>20,019.00</u>	<u>(21,600,230.29)</u>
Total Capital Assets, being Depreciated, Net	<u>29,420,503.20</u>	<u>779,106.39</u>		<u>30,199,609.59</u>
Governmental Activities Capital Assets, Net	<u>\$ 32,636,902.99</u>	<u>\$ 779,106.39</u>	<u>-</u>	<u>\$ 33,416,009.38</u>
Business-Type Activities:				
Total Capital Assets, being Depreciated:				
Equipment	\$ 568,754.47		\$ (17,222.88)	\$ 551,531.59
Less Accumulated Depreciation	(437,267.06)	\$ (15,682.81)	17,222.88	(435,726.99)
Total Business-Type Activities Capital Assets, Net	<u>\$ 131,487.41</u>	<u>\$ (15,682.81)</u>	<u>-</u>	<u>\$ 115,804.60</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,341,440.72
Other Instruction	9,760.25
General and Business Administrative Services	55,002.90
Plant Operations and Maintenance	34,477.09
Unallocated	<u>1,825.93</u>
Total Depreciation Expense	<u>\$ 1,442,506.89</u>

Note 7: LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2010, the following changes occurred in long-term obligations:

	<u>Principal Outstanding July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2010</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 14,016,000.00		\$ (2,345,000.00)	\$ 11,671,000.00	\$ 2,504,000.00
Capital Lease Obligation	416,711.60	\$ 16,370.64	(418,856.55)	14,225.69	3,019.09
Unamortized Costs:					
Bond Premiums	401,591.45		(42,637.15)	358,954.30	42,637.15
Loss on Bond Refunding	(456,114.75)		50,679.41	(405,435.34)	(50,679.41)
Compensated Absences	1,435,774.88	88,490.45	(34,636.39)	1,489,628.94	49,066.87
	<u>\$ 15,813,963.18</u>	<u>\$ 104,861.09</u>	<u>\$ (2,790,450.68)</u>	<u>\$ 13,128,373.59</u>	<u>\$ 2,548,043.70</u>
Business-Type Activities:					
Capital Lease Obligation	36,100.25		(23,599.00)	12,501.25	12,501.25
Compensated Absences	92,514.41	17,929.11		110,443.52	4,795.81
	<u>\$ 128,614.66</u>	<u>\$ 17,929.11</u>	<u>\$ (23,599.00)</u>	<u>\$ 122,944.77</u>	<u>\$ 17,297.06</u>

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

On July 1, 2009, the School District issued \$2,366,000.00 general obligation bonds at interest rates varying from 4.625% to 4.75% for the middle school solar panel installation project. The final maturity of these bonds is March 1, 2024. The bonds will be paid with a combination of property taxes and State debt service aid.

Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 2,504,000.00	\$ 561,029.75	\$ 3,065,029.75
2012	1,574,000.00	385,212.50	1,959,212.50
2013	1,579,000.00	307,146.25	1,886,146.25
2014	1,559,000.00	251,742.50	1,810,742.50
2015	1,549,000.00	188,115.00	1,737,115.00
2016-2020	2,230,000.00	336,362.50	2,566,362.50
2021-2024	676,000.00	80,275.00	756,275.00
	<u>\$ 11,671,000.00</u>	<u>\$ 2,109,883.50</u>	<u>\$ 13,780,883.50</u>

Bonds Authorized But Not Issued - As of June 30, 2010, the School District had no authorizations to issue additional bonded debt.

Note 7: LONG-TERM OBLIGATIONS (CONT'D)

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

Capital Leases Payable - The School District has construction projects and digital duplicators totaling \$1,964,787.64 under capital leases in the Governmental Funds and is leasing a copier and food service stations totaling \$84,055.00 in the Proprietary Funds under capital leases. The capital leases are for terms of five years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2010.

Governmental Activities**Fiscal Year**

<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 3,019.09	\$ 796.91	\$ 3,816.00
2012	3,211.61	604.39	3,816.00
2013	3,416.45	399.55	3,816.00
2014	3,634.30	181.70	3,816.00
2015	944.24	9.76	954.00
	<u>\$ 14,225.69</u>	<u>\$ 1,992.31</u>	<u>\$ 16,218.00</u>

Business-Type Activities**Fiscal Year**

<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	<u>\$ 12,501.25</u>	<u>\$ 492.50</u>	<u>\$ 12,993.75</u>

Note 8: OPERATING LEASES

At June 30, 2010, the School District had operating lease agreements in effect for copy machines and a postage machine. The future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2011	\$ 258,806.40
2012	258,806.40
2013	124,266.40
2014	95,923.08
2015	88,746.48
	<u>\$ 826,548.76</u>

Rental payments under operating leases for the fiscal year ended June 30, 2010 were \$218,243.14.

Note 9: PENSION PLANS

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System, which are administered by the New Jersey Division of Pensions and Benefits. In addition, several School District employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This too is administered by the New Jersey Division of Pensions and Benefits. 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:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund (TPAF) is a cost-sharing contributory defined benefit pension plan which was established as of 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 and 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. The State Treasurer has the right under the 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 district has been required over several preceding fiscal years.

Public Employees' Retirement System - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955. The PERS provides retirement, death, and disability, and medical benefits to 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, 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. The State Treasurer has the right under the 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.

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

Note 9: PENSION PLANS (CONT'D)

Public Employees' Retirement System (Cont'd) - The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

Public Employees Retirement System

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by Excess Pension Asset Credit</u>	<u>Paid by School District</u>
2010	\$ 267,565.00	\$ 261,068.00	\$ 528,633.00		\$ 528,633.00
2009	231,134.00	210,821.00	441,955.00		441,955.00
2008	219,476.00	169,137.00	388,613.00	\$ 77,722.60	310,890.40

Note 10: POST-RETIREMENT BENEFITS

P.L. 1987, c.384 of 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 postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for postemployment medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire from a board of education or county college with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in fiscal year 2009.

Note 11: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2010, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement costs related to TPAF. The amounts recognized as revenues and expenditures for normal costs and post-retirement costs were \$77,288.00 and \$1,451,575.00, respectively.

Note 12: RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

Note 12: RISK MANAGEMENT (CONT'D)

New Jersey Unemployment Compensation Insurance - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School 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 School District is billed quarterly for amounts due to the State.

The following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District's expendable trust fund for the current and previous two fiscal years:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>School</u> <u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2010	-	\$ 53,799.83	\$ 55,159.48	\$ 107,649.07
2009	-	52,288.75	53,440.49	87,435.69
2008	-	48,958.92	56,851.05	87,168.37

Joint Insurance Pool - The School District is a member of the School Alliance Insurance Fund.

The Fund provides the School District with the following coverage:

- Property (Including Crime and Auto Physical Damage)
- General Liability
- Automobile Liability
- Workers' Compensation
- School Board Legal Liability
- Boiler and Machinery
- Pollution/Environmental Legal Liability

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The School District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

The Fund publishes its own financial report for the year ended June 30, 2010 which can be obtained from the following address:

School Alliance Insurance Fund
51 Everett Drive, Suite B-40
West Windsor, NJ 08550

Note 13: DEFERRED COMPENSATION

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

Lincoln Investment Planning
Equitable
Syracusa
VALIC
Vanguard
American Express (IDS)

Note 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 who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. School District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. School District employees are entitled to two personal days which may be carried forward to subsequent years. Vacation days not used during the year may not be accumulated and carried forward. Benefits paid in any future year will be calculated according to formulas outlined in the School Districts' agreements with the various employee unions and included in the current years' budget.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of June 30, 2010, the liability for compensated absences in the governmental activities and proprietary fund types was \$1,489,628.94 and \$110,443.52, respectively.

Note 15: INTERFUND BALANCES AND TRANSFERS

The following interfund balances were recorded on the various balance sheets as June 30, 2010:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 1,153,637.73	\$ 5,915.44
Special Revenue		1,063,579.35
Capital Projects		
Debt Service		
Proprietary	5,771.54	90,058.38
Fiduciary	5,819.97	5,676.07
	<u>\$ 1,165,229.24</u>	<u>\$ 1,165,229.24</u>

Note 16: DEFICIT FUND BALANCES

The School District has a deficit fund balance of \$10,230.00 in the special revenue fund as of June 30, 2010 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 revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Note 17: DEFICIT UNRESTRICTED NET ASSETS

The Governmental Funds had a deficit in unrestricted net assets of \$1,489,628.44 as of June 30, 2010. This deficit is attributable to the allocation of compensated absences balances payable to unrestricted net assets.

Note 18: FUND BALANCES**RESERVED**

Reservations of fund balances of governmental funds are established to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Specific reservations of the fund balance are summarized below:

Reserved for Encumbrances - The reserve for encumbrances was created to represent encumbrances outstanding at the end of the fiscal year based on purchase orders and contracts signed by the School District but not completed as of the close of the fiscal year. As of June 30, 2010, \$1,673,086.00 has been reserved for this purpose.

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of reserved 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 reserve 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, 2010 is \$1,706,695.99. All of this excess fund balance was generated during 2008-2009 and has been restricted and designated for utilization in the 2010-2011 budget.

For Capital Reserve Account - As of June 30, 2010, the balance in the capital reserve account is \$207,806.93. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

For Emergency Reserve - As of June 30, 2010, the balance in the emergency reserve is \$309,346.75. These funds are restricted for the purpose of financing unanticipated general fund expenditures required for a thorough and efficient education in accordance with N.J.S.A. 18A:7F-41c(1).

Note 18: FUND BALANCES (CONT'D)**UNRESERVED**

General Fund - The General Fund unreserved fund balance at June 30, 2010 of, \$358,129.28 has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2011.

Capital Projects Fund - The Capital Projects Fund unreserved fund balance at June 30, 2010 of \$3,624,863.18 is designated for utilization in the 2010-2011 and subsequent years.

Debt Service Fund - Of the \$274,000.50 Debt Service Fund unreserved fund balance at June 30, 2010, \$274,000.00 has been designated for utilization in the 2010-2011 year and \$.50 is undesignated.

Note 19: LITIGATION

The School District is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the School District, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 20: SUBSEQUENT EVENTS

In September, 2010 the School District demolished the South Egg Harbor School Building and the Cologne School Building. As of June 30, 2010 the book value, at historic cost less accumulated depreciation of the two schools at fiscal year-end zero. The only amount that remains on the Districts records at June 30, 2010 is the cost of the land.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2010

REVENUES:	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Local Sources:					
Local Tax Levy	\$ 27,820,785.00		\$ 27,820,785.00	\$ 27,820,785.00	
Tuition	8,537.00		8,537.00	2,071.30	\$ (6,465.70)
Interest Earned on Capital Reserve Funds	1,500.00		1,500.00	18,525.54	17,025.54
Unrestricted Miscellaneous Revenues	120,000.00		120,000.00	1,043,542.17	923,542.17
Total - Local Sources	27,950,822.00	-	27,950,822.00	28,884,924.01	934,102.01
State Sources:					
Special Education Aid	1,877,041.00		1,877,041.00	1,877,041.00	
Equalization Aid	20,045,376.00	\$ (3,637,154.00)	16,408,222.00	15,143,774.00	(1,264,448.00)
Security Aid	647,712.00		647,712.00	421,013.00	(226,699.00)
Transportation Aid	1,401,803.00		1,401,803.00	911,172.00	(490,631.00)
Extraordinary Aid	51,643.00		51,643.00	411,888.00	360,245.00
Homeless Student Aid				37,572.00	37,572.00
Non-Public Transportation Aid				24,724.00	24,724.00
Reimbursed T.P.A.F. Pension Contributions (non-budgeted)				77,288.00	77,288.00
Reimbursed T.P.A.F. Medical Contributions (non-budgeted)				1,451,575.00	1,451,575.00
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				1,808,259.01	1,808,259.01
Total - State Sources	24,023,575.00	(3,637,154.00)	20,386,421.00	22,164,306.01	1,777,885.01
Federal Sources:					
Medicaid Initiative Reimbursement	74,238.00		74,238.00	84,003.80	9,765.80
Medicaid Administration Claiming Aid				11,104.24	11,104.24
Equalization Aid - ARRA ESF		3,501,602.00	3,501,602.00	3,501,602.00	
Equalization Aid - ARRA GSF		135,552.00	135,552.00	135,552.00	
Total - Federal Sources	74,238.00	3,637,154.00	3,711,392.00	3,732,262.04	20,870.04
Total Revenues	52,048,635.00	-	52,048,635.00	54,781,492.06	2,732,857.06

(Continued)

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	\$ 46,160.00	\$ (46,100.00)	\$ 60.00		\$ 60.00
Kindergarten	1,274,330.00	35,000.00	1,309,330.00	1,309,120.18	209.82
Grades 1-5	7,000,441.00	93,500.00	7,093,941.00	7,091,693.57	2,247.43
Grades 6-8	4,894,354.00	(146,400.00)	4,747,954.00	4,738,660.66	9,293.34
Regular Programs - Home Instruction:					
Salaries of Teachers	55,000.00	(30,900.00)	24,100.00	24,028.25	71.75
Purchased Professional - Educational Services	4,000.00		4,000.00	336.00	3,664.00
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	389,534.00	23,700.00	413,234.00	408,363.70	4,870.30
Purchased Professional - Educational Services	78,000.00	(59,000.00)	19,000.00	18,384.00	616.00
Other Purchased Services	258,080.00	916.54	258,996.54	239,118.98	19,877.56
General Supplies	495,518.00	36,452.89	531,970.89	431,462.76	100,508.13
Textbooks	104,650.00	(35,952.89)	68,697.11	49,717.94	18,979.17
Other Objects	2,500.00		2,500.00	1,632.50	867.50
Total Regular Programs - Instruction	14,602,567.00	(128,783.46)	14,473,783.54	14,312,518.54	161,265.00
Learning and / or Language Disabilities:					
Salaries of Teachers	706,350.00	(28,400.00)	677,950.00	676,598.31	1,351.69
Other Salaries for Instruction	393,287.00	29,576.00	422,863.00	419,955.11	2,907.89
General Supplies	12,000.00		12,000.00	7,607.81	4,392.19
Textbooks	21,000.00	(1,176.00)	19,824.00	10,347.84	9,476.16
Total Learning and / or Language Disabilities	1,132,637.00	-	1,132,637.00	1,114,509.07	18,127.93
Auditory Impairments:					
General Supplies	1,800.00		1,800.00	818.38	981.62
Textbooks	3,000.00		3,000.00		3,000.00
Total Auditory Impairments	4,800.00	-	4,800.00	818.38	3,981.62

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONTD):					
Current Expense (Cont'd):					
Special Education - Instruction (Cont'd):					
Behavioral Disabilities:					
Salaries of Teachers	\$ 264,550.00		\$ 264,550.00	\$ 212,105.00	\$ 52,445.00
Other Salaries for Instruction	224,559.00		224,559.00	185,677.05	38,881.95
General Supplies	3,400.00		3,400.00	2,136.99	1,263.01
Textbooks	3,000.00		3,000.00		3,000.00
Other Objects	500.00		500.00		500.00
Total Behavioral Disabilities	496,009.00	-	496,009.00	399,919.04	96,089.96
Multiple Disabilities:					
Salaries of Teachers	219,555.00	\$ (20,200.00)	199,355.00	158,826.34	40,528.66
Other Salaries for Instruction	67,091.00	20,200.00	87,291.00	81,786.84	5,504.16
General Supplies	7,500.00		7,500.00	3,839.22	3,660.78
Textbooks	10,000.00		10,000.00		10,000.00
Other Objects	400.00		400.00		400.00
Total Multiple Disabilities	304,546.00	-	304,546.00	244,452.40	60,093.60
Resource Room / Resource Center:					
Salaries of Teachers	3,328,315.00	(15,770.00)	3,312,545.00	3,288,579.74	23,965.26
Other Salaries for Instruction	238,441.00	15,770.00	254,211.00	237,728.16	16,482.84
General Supplies	40,000.00		40,000.00	15,153.65	24,846.35
Textbooks	8,000.00		8,000.00	8,000.00	
Total Resource Room / Resource Center	3,614,756.00	-	3,614,756.00	3,549,461.55	65,294.45
Preschool Disabilities - Full Time:					
Salaries of Teachers	227,915.00	(31,311.00)	196,604.00	160,373.45	36,230.55
Other Salaries for Instruction	165,475.00	31,311.00	196,786.00	187,526.56	9,259.44
General Supplies	4,400.00		4,400.00	4,167.13	232.87
Total Preschool Disabilities - Full Time	397,790.00	-	397,790.00	352,067.14	45,722.86
Total Special Education - Instruction	5,950,538.00	-	5,950,538.00	5,661,227.58	289,310.42

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Basic Skills / Remedial - Instruction:					
Salaries of Teachers	\$ 1,075,159.00		\$ 1,075,159.00	\$ 966,325.25	\$ 108,833.75
General Supplies	7,780.00		7,780.00	3,269.59	4,510.41
Textbooks	2,680.00		2,680.00	1,633.18	1,046.82
Total Basic Skills / Remedial - Instruction	1,085,619.00	-	1,085,619.00	971,228.02	114,390.98
Bilingual Education - Instruction:					
Salaries of Teachers	478,616.00		478,616.00	398,730.00	79,886.00
General Supplies	4,250.00		4,250.00	3,281.05	968.95
Textbooks	1,300.00		1,300.00	1,243.70	56.30
Total Bilingual Education - Instruction	484,166.00	-	484,166.00	403,254.75	80,911.25
School Sponsored Cocurricular Activities - Instruction:					
Salaries	68,800.00		68,800.00	68,422.05	377.95
Supplies and Materials	7,350.00		7,350.00	5,490.83	1,859.17
Total School Sponsored Cocurricular Activities - Instruction	76,150.00	-	76,150.00	73,912.88	2,237.12
School Sponsored Athletics - Instruction:					
Salaries	26,336.00	\$ 1,100.00	27,436.00	27,360.00	76.00
Purchased Services	5,746.00	(1,100.00)	4,646.00	4,620.00	26.00
Supplies and Materials	1,758.00		1,758.00	1,445.67	312.33
Total School Sponsored Athletics - Instruction	33,840.00	-	33,840.00	33,425.67	414.33
Total Instruction	22,232,880.00	(128,783.46)	22,104,096.54	21,455,567.44	648,529.10

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 497,435.00	6,000.00	\$ 6,000.00	\$ 5,116.00	\$ 884.00
Tuition to CSSD and Regional Day Schools	364,167.00	34,284.20	531,719.20	531,719.20	246.30
Tuition to Private Schools for the Disabled - Within State	7,952.00	66,842.00	431,009.00	430,762.70	0.28
Tuition - Other		(2,142.00)	5,810.00	5,809.72	
Total Undistributed Expenditures - Instruction	869,554.00	104,984.20	974,538.20	973,407.62	1,130.58
Undistributed Expenditures - Attendance and Social Work:					
Salaries	26,040.00		26,040.00	14,369.53	11,670.47
Other Purchased Services	2,000.00		2,000.00	1,915.49	84.51
Supplies and Materials	300.00		300.00	300.00	
Total Undistributed Expenditures - Attendance and Social Work	28,340.00	-	28,340.00	16,585.02	11,754.98
Undistributed Expenditures - Health Services:					
Salaries	626,834.00		626,834.00	579,053.93	47,780.07
Purchased Professional and Technical Services	26,000.00		26,000.00	13,600.50	12,399.50
Other Purchased Services	1,400.00		1,400.00	170.50	1,229.50
Supplies and Materials	21,773.00		21,773.00	4,780.10	16,992.90
Total Undistributed Expenditures - Health Services	676,007.00	-	676,007.00	597,605.03	78,401.97
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	540,920.00	20,000.00	560,920.00	528,164.02	32,755.98
Purchased Professional - Educational Services	182,000.00		182,000.00	170,415.70	11,584.30
Supplies and Materials	10,075.00		10,075.00	7,381.07	2,693.93
Total Undistributed Expenditures - Other Support Services - Students - Related Services	732,995.00	20,000.00	752,995.00	705,960.79	47,034.21

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Other Support Services - Students - Extra Services:					
Salaries	\$ 394,250.00	\$ (20,000.00)	\$ 374,250.00	\$ 348,231.59	\$ 26,018.41
Supplies and Materials	31,100.00		31,100.00	6,926.81	24,173.19
Total Undistributed Expenditures - Other Support Services - Students - Extra Services	425,350.00	(20,000.00)	405,350.00	355,158.40	50,191.60
Undistributed Expenditures - Other Support Services - Students - Regular:					
Salaries of Other Professional Staff	822,130.00		822,130.00	798,405.30	23,724.70
Other Purchased Professional and Technical Services	22,600.00		22,600.00	8,338.36	14,261.64
Other Purchased Services (400-500 series)	2,100.00	1,000.00	3,100.00	805.58	2,294.42
Supplies and Materials	20,950.00		20,950.00	16,285.19	4,664.81
Other Objects	1,925.00	(1,000.00)	925.00	825.00	100.00
Total Undistributed Expenditures - Other Support Services - Students - Regular	869,705.00	-	869,705.00	824,659.43	45,045.57
Undistributed Expenditures - Other Support Services - Students - Special:					
Salaries of Other Professional Staff	1,139,424.00		1,139,424.00	1,128,887.79	10,536.21
Salaries of Secretarial and Clerical Assistants	150,440.00		150,440.00	145,981.73	4,458.27
Purchased Professional - Educational Services	6,500.00		6,500.00	5,585.00	915.00
Other Purchased Professional and Technical Services	62,000.00		62,000.00	61,812.19	187.81
Miscellaneous Purchased Services	20,613.00		20,613.00	11,793.76	8,819.24
Supplies and Materials	17,000.00		17,000.00	15,077.55	1,922.45
Other Objects	1,700.00		1,700.00	1,530.00	170.00
Total Undistributed Expenditures - Other Support Services - Students - Special:	1,397,677.00	-	1,397,677.00	1,370,668.02	27,008.98

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Other Professional Staff	\$ 383,434.00		\$ 383,434.00	\$ 358,756.15	\$ 24,677.85
Salaries of Secretarial and Clerical Assistants	129,925.00		129,925.00	118,795.81	11,129.19
Salaries of Facilitators, Math & Literacy Coaches	262,340.00		262,340.00	208,240.00	54,100.00
Other Purchased Services (400-500)	3,375.00		3,375.00	570.23	2,804.77
Supplies and Materials	629,420.00	\$ (6,000.00)	623,420.00	530,008.46	93,411.54
Other Objects	22,434.00		22,434.00	22,058.55	375.45
Total Undistributed Expenditures - Improvement of Instruction Services	1,430,928.00	(6,000.00)	1,424,928.00	1,238,429.20	186,498.80
Undistributed Expenditures - Educational Media Services / School Library:					
Salaries	508,945.00		508,945.00	501,743.21	7,201.79
Purchased Professional and Technical Services	16,250.00		16,250.00	4,593.71	11,656.29
Other Purchased Services (400-500 series)	15,832.00	600.00	16,432.00	4,143.20	12,288.80
Supplies and Materials	55,975.00	(600.00)	55,375.00	45,077.40	10,297.60
Total Undistributed Expenditures - Educational Media Services / School Library	597,002.00	-	597,002.00	555,557.52	41,444.48
Undistributed Expenditures - Instructional Staff Training Services:					
Salaries of Other Professional Staff	183,399.00	7,500.00	190,899.00	190,783.49	115.51
Purchased Professional - Educational Services	2,000.00	5,500.00	7,500.00	6,550.00	950.00
Other Purchased Services (400-500 series)	29,500.00	(6,900.00)	22,600.00	11,381.40	11,218.60
Supplies and Materials	2,500.00		2,500.00	2,500.00	2,500.00
Other Objects	18,000.00		18,000.00	13,329.09	4,670.91
Total Undistributed Expenditures - Instructional Staff Training Services:	235,399.00	6,100.00	241,499.00	222,043.98	19,455.02

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Support Services - General Administration:					
Salaries	\$ 288,936.00		\$ 288,936.00	\$ 281,598.65	\$ 7,337.35
Legal Services	32,660.00		32,660.00	22,200.00	10,460.00
Audit Fees	43,640.00		43,640.00	36,400.00	7,240.00
Architectural/Engineering Services	5,000.00	\$ 14,800.00	19,800.00	3,600.00	16,200.00
Other Purchased Professional Services	67,200.00	(14,800.00)	52,400.00	32,717.01	19,682.99
Communications / Telephone	333,205.00		333,205.00	294,332.39	38,872.61
BOE Other Purchased Services	24,750.00		24,750.00	11,408.89	13,341.11
Other Purchased Services (400-500)	75,150.00		75,150.00	68,356.98	6,793.02
General Supplies	27,380.00		27,380.00	11,294.19	16,085.81
Miscellaneous Expenditures	9,355.00		9,355.00	7,389.73	1,965.27
BOE Membership Dues and Fees	24,800.00		24,800.00	24,508.00	292.00
Total Undistributed Expenditures - Support Services - General Administration	932,076.00		932,076.00	793,805.84	138,270.16
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals	1,186,653.00	(5,275.00)	1,181,378.00	1,172,127.15	9,250.85
Salaries of Secretarial and Clerical Assistants	569,646.00	5,275.00	574,921.00	574,889.28	31.72
Other Purchased Services (400-500 series)	21,944.00		21,944.00	21,331.58	612.42
Supplies and Materials	67,036.00	(600.00)	66,436.00	40,772.49	25,663.51
Other Objects	12,190.00		12,190.00	12,190.00	
Total Undistributed Expenditures - Support Services - School Administration	1,857,469.00	(600.00)	1,856,869.00	1,821,310.50	35,558.50
Undistributed Expenditures - Central Services:					
Salaries	380,236.00		380,236.00	377,246.17	2,989.83
Purchased Technical Services	315.00		315.00	60.00	255.00
Miscellaneous Purchased Services (400-500 series)	24,775.00	(5,000.00)	19,775.00	16,815.35	2,959.65
Supplies and Materials	10,700.00	5,000.00	15,700.00	12,494.54	3,205.46
Interest on Lease Purchase Agreements	14,460.00		14,460.00	14,459.89	0.11
Miscellaneous Expenditures	3,315.00		3,315.00	1,980.00	1,335.00
Total Undistributed Expenditures - Central Services	433,801.00	-	433,801.00	423,055.95	10,745.05

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Administration of Information Technology:					
Salaries	\$ 330,212.00	\$ 3,500.00	\$ 333,712.00	\$ 333,654.53	\$ 57.47
Purchased Professional Services	8,640.00	(3,500.00)	5,140.00		5,140.00
Purchased Technical Services	40,000.00		40,000.00	21,957.50	18,042.50
Other Purchased Services (400-500 series)	1,200.00		1,200.00		1,200.00
Supplies and Materials	11,500.00		11,500.00	5,483.20	6,016.80
Total Undistributed Expenditures - Administration of Information Technology	391,552.00	-	391,552.00	361,095.23	30,456.77
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	462,260.00	(86,000.00)	376,260.00	373,592.53	2,667.47
Cleaning, Repair and Maintenance Services	408,315.00	(14,069.00)	394,246.00	320,335.73	73,910.27
General Supplies	162,280.00	1,000.00	163,280.00	115,188.08	48,091.92
Other Objects	7,200.00		7,200.00	3,242.10	3,957.90
Total Undistributed Expenditures - Required Maintenance for School Facilities	1,040,055.00	(99,069.00)	940,986.00	812,358.44	128,627.56
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	1,165,913.00	86,000.00	1,251,913.00	1,245,356.59	6,556.41
Purchased Professional and Technical Services	106,800.00		106,800.00	106,800.00	
Cleaning, Repair and Maintenance Services	78,885.00		78,885.00	58,025.62	20,859.38
Rental of Land and Buildings -- Other than Lease Purchase	16,169.00		16,169.00	15,968.48	200.52
Other Purchased Property Services	100,100.00	20,000.00	120,100.00	119,411.96	688.04
Insurance	152,750.00	11,000.00	163,750.00	163,638.00	112.00
General Supplies	134,384.00		134,384.00	124,251.46	10,132.54
Energy (Electricity)	1,060,000.00	(20,000.00)	1,040,000.00	716,729.58	323,270.42
Energy (Heat)	357,000.00		357,000.00	173,140.01	183,859.99
Other Objects	11,000.00		11,000.00	4,185.31	6,814.69
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	3,183,001.00	97,000.00	3,280,001.00	2,727,507.01	552,493.99

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Care & Upkeep of Grounds					
Salaries	\$ 21,685.00	\$ 3,150.00	\$ 24,835.00	\$ 24,810.63	\$ 24.37
Cleaning, Repair, and Maintenance Services	138,900.00	(7,950.00)	130,950.00	103,327.69	27,622.31
General Supplies	1,600.00	8,800.00	10,400.00	9,191.10	1,208.90
Total Undistributed Expenditures - Care & Upkeep of Grounds	162,185.00	4,000.00	166,185.00	137,329.42	28,855.58
Undistributed Expenditures - Security					
Salaries	39,059.00	6,100.00	45,159.00	45,151.88	7.12
Cleaning, Repair, and Maintenance Services	65,230.00	(6,100.00)	59,130.00	42,555.41	16,574.59
General Supplies	60,000.00		60,000.00	52,264.00	7,736.00
Total Undistributed Expenditures - Security	164,289.00	-	164,289.00	139,971.29	24,317.71
Undistributed Expenditures - Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School)-Reg.	87,337.00	900.00	88,237.00	88,192.57	44.43
Other Purchased Prof. and Technical Services	3,500.00		3,500.00	3,250.00	250.00
Contracted Services - (Between Home and School) - Vendors	12,600.00	(12,600.00)			
Contracted Services - (Other than Between Home and School) - Vendors	39,704.00		39,704.00	17,215.24	22,488.76
Contracted Services - (Between Home and School) - Joint Agreements	2,704,407.00	(5,437.20)	2,698,969.80	2,492,971.10	205,998.70
Contracted Services (Special Education Students) - Joint Agreements	1,094,636.00		1,094,636.00	1,058,230.07	36,405.93
Contracted Services - Aid in Lieu of Payments - NonPub School	59,410.00		59,410.00	56,576.00	2,834.00
Contracted Services - Aid in Lieu of Payments - Charter School	10,968.00	(900.00)	10,068.00	6,188.00	3,880.00
Transportation Supplies	7,550.00		7,550.00	6,723.00	827.00
Total Undistributed Expenditures - Student Transportation Services	4,020,112.00	(18,037.20)	4,002,074.80	3,729,345.98	272,728.82
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	535,100.00	20,700.00	555,800.00	555,766.34	33.66
Other Retirement Contributions - Regular	652,062.00	(35,000.00)	617,062.00	528,633.00	88,429.00
Workmen's Compensation	361,000.00	(11,000.00)	350,000.00	345,386.00	4,614.00
Health Benefits	8,263,916.00		8,263,916.00	8,228,739.16	35,176.84
Tuition Reimbursement	138,750.00		138,750.00	119,758.48	18,991.52
Other Employee Benefits	486,494.00	14,300.00	500,794.00	498,380.50	2,413.50
Total Unallocated Benefits	10,437,322.00	(11,000.00)	10,426,322.00	10,276,663.48	149,658.52

(Continued)

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures- Food Services	\$ 35,000.00	\$ (35,000.00)	-	-	-
Transfers to Cover Deficit	35,000.00	(35,000.00)	-	-	-
Total Undistributed Expenditures- Food Services	-	-	-	-	-
Reimbursed T.P.A.F. Pension Contributions (non-budgeted)			\$ 77,288.00	\$ 77,288.00	\$ (77,288.00)
Reimbursed T.P.A.F. Medical Contributions (non-budgeted)			1,451,575.00	1,451,575.00	(1,451,575.00)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)			1,808,259.01	1,808,259.01	(1,808,259.01)
Total Undistributed Expenditures	29,919,819.00	42,378.00	\$ 29,962,197.00	31,419,640.16	(1,457,443.16)
Total Current Expense	52,152,699.00	(86,405.46)	52,066,293.54	52,875,207.60	(808,914.06)
Capital Outlay:					
Increase in Capital Reserve	2,000,000.00		2,000,000.00		2,000,000.00
Interest Deposit to Capital Reserve	1,500.00		1,500.00		1,500.00
Total Capital Increases	2,001,500.00	-	2,001,500.00	-	2,001,500.00
Equipment:					
Undistributed Expenditures - Support Services - Students - Regular	2,095.00		2,095.00		2,095.00
Undistributed Expenditures - Support Services - Child Study Teams	30,000.00		30,000.00	7,675.00	22,325.00
Undistributed Expenditures - Required Maintenance for School Facilities	80,000.00	15,000.00	95,000.00	94,460.00	540.00
Undistributed Expenditures - Custodial Services	6,000.00		6,000.00	4,868.83	1,131.17
Undistributed Expenditures - Care and Upkeep of Grounds	55,000.00	(4,000.00)	51,000.00	47,250.20	3,749.80
Total Equipment	173,095.00	11,000.00	184,095.00	154,254.03	29,840.97
Facility Acquisitions and Construction Services:					
Lease Purchase Agreements - Principal	416,712.00	-	416,712.00	416,711.60	0.40
Capital Reserve - Transfer to Capital Projects	186,300.00	(186,300.00)	-	-	-
Assets Acquired Under Capital Leases (Non-Budgeted)					
Undistributed Expenditures - Equipment	-	-	-	16,370.64	(16,370.64)

(Continued)

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
Capital Outlay (Cont'd):					
Total Capital Outlay	\$ 2,777,607.00	\$ (175,300.00)	\$ 2,602,307.00	\$ 587,336.27	\$ 2,014,970.73
Transfer of Funds to Charter School	1,764,000.00	51,653.00	1,815,653.00	1,815,653.00	-
Total Expenditures	56,694,306.00	(210,052.46)	56,484,253.54	55,278,196.87	1,206,056.67
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,645,671.00)	210,052.46	(4,435,618.54)	(496,704.81)	3,938,913.73
Other Financing Sources (Uses):					
Operating Transfer Out to Food Service Fund -- Transfer to Cover Deficit				(35,000.00)	(3,800,422.00)
Capital Reserve Transfer Out to Capital Projects Fund		(35,000.00)	(35,000.00)	(3,986,722.00)	34,299.21
Capital Reserve Transfer In From Capital Projects Fund		(186,300.00)	(186,300.00)	16,370.64	2,607.28
Assets Acquired Under Capital Lease				2,607.28	-
Cancellation of Special Revenue Appropriations				-	-
Total Other Financing Sources (Uses):	-	(221,300.00)	(221,300.00)	(3,968,444.87)	(3,747,144.87)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(4,645,671.00)	(11,247.54)	(4,656,918.54)	(4,465,149.68)	191,768.86
Fund Balances, July 1	9,326,298.63	-	9,326,298.63	9,326,298.63	-
Fund Balances, June 30	\$ 4,680,627.63	\$ (11,247.54)	\$ 4,669,380.09	\$ 4,861,148.95	\$ 191,768.86
Recapitulation:					
Reserve for Encumbrances				95.00	
Capital Reserve				207,806.93	
Emergency Reserve				309,346.75	
Excess Surplus				643,592.73	
Excess Surplus -- Designated for Subsequent Year's Expenditures				1,706,695.99	
Unreserved -- Designated for Subsequent Year's Expenditures				490,400.01	
Unreserved -- Undesignated				1,503,211.54	
				4,861,148.95	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				(2,279,075.00)	
Fund Balance per Governmental Funds (GAAP)	\$			\$ 2,582,073.95	

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule -- ARRA ESF
 General Fund
 For the Fiscal Year Ended June 30, 2010

REVENUES:	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Federal Sources:					
Equalization Aid -- ARRA ESF	-	\$ 3,501,602.00	\$ 3,501,602.00	\$ 3,501,602.00	-
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:		231,736.00	231,736.00	231,736.00	
Kindergarten		3,269,866.00	3,269,866.00	3,269,866.00	
Grades 6-8					
Total Regular Programs- Instruction	-	3,501,602.00	3,501,602.00	3,501,602.00	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-	-	-
Fund Balances, July 1	-	-	-	-	-
Fund Balances, June 30	-	-	-	-	-

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule -- ARRA GSF
 General Fund
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Federal Sources:					
Equalization Aid -- ARRA GSF	-	\$ 135,552.00	\$ 135,552.00	\$ 135,552.00	-
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	-	135,552.00	135,552.00	135,552.00	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-	-	-
Fund Balances, July 1	-	-	-	-	-
Fund Balances, June 30	-	-	-	-	-

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2010

REVENUES:	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Local Sources:					
Caring Schools Inclusion		\$ 2,000.00	\$ 2,000.00	\$ 1,000.00	\$ (1,000.00)
FSA Tutoring		5,355.00	5,355.00	5,355.00	
Atlantic City Electric		500.00	500.00	460.59	(39.41)
Wellness Fair		500.00	500.00		(500.00)
Galloway Education Foundation		10,367.67	10,367.67	9,962.64	(405.03)
Total - Local Sources	-	18,722.67	18,722.67	16,778.23	(1,944.44)
State Sources:					
Nonpublic Aid	\$ 259,012.00	(5,781.00)	253,231.00	213,874.48	(39,356.52)
Preschool Education Aid	102,300.00		102,300.00	102,300.00	
Total - State Sources	361,312.00	(5,781.00)	355,531.00	316,174.48	(39,356.52)
Federal Sources:					
Title I	313,550.00	105,436.15	418,986.15	416,376.40	(2,609.75)
Title I - ARRA		283,578.00	283,578.00	49,546.28	(234,031.72)
Title I S/A		9,328.52	9,328.52	9,328.52	
Title II A	52,386.00	50,142.46	102,528.46	52,502.17	(50,026.29)
Title II D	1,987.00	2,350.50	4,337.50	1,809.50	(2,528.00)
Title III	19,095.00	15,956.00	35,051.00	35,051.00	
Title III Immigrant	15,563.00	12,467.00	28,030.00	17,230.00	(10,800.00)
Title IV	5,369.00	4,780.00	10,149.00	7,497.10	(2,651.90)
Title V		103.80	103.80	103.80	
I.D.E.I.A., Part B Basic	791,995.00	308,663.75	1,100,658.75	874,279.12	(226,379.63)
I.D.E.I.A., Part B Basic - ARRA		1,015,594.00	1,015,594.00	447,573.76	(568,020.24)
I.D.E.I.A., Part B, Preschool Incentive	20,359.00	21,311.71	41,670.71	38,992.08	(2,678.63)
I.D.E.I.A., Part B, Preschool Incentive - ARRA		36,613.00	36,613.00	3,001.51	(33,611.49)
Total - Federal Sources	1,220,304.00	1,866,324.89	3,086,628.89	1,953,291.24	(1,133,337.65)
Total Revenues	\$ 1,581,616.00	\$ 1,879,266.56	\$ 3,460,882.56	\$ 2,286,243.95	\$ (1,174,638.61)

(Continued)

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 688,645.00	\$ 874,254.90	\$ 1,562,899.90	\$ 1,012,549.13	\$ 550,350.77
Other Salaries for Instruction	11,340.00		11,340.00	11,340.00	
Instruction Purchased Services	8,040.00	10,960.00	19,000.00	9,000.00	10,000.00
Other Purchased Services	483,419.00	147,381.00	630,800.00	555,269.99	75,530.01
General Supplies	102,873.00	347,030.78	449,903.78	206,739.75	243,164.03
Textbooks	32,570.00	10,136.00	42,706.00	41,397.36	1,308.64
Other Objects	2,221.00	3,118.99	5,339.99	4,574.77	765.22
Total Instruction	1,329,108.00	1,392,881.67	2,721,989.67	1,840,871.00	881,118.67
Support Services:					
Salaries of Other Professional Staff	26,270.00	49,542.15	75,812.15	61,116.77	14,695.38
Personal Services - Employee Benefits	86,928.00	124,824.80	211,752.80	134,617.60	77,135.20
Purchased Professional & Technical Services	69,210.00	51,790.00	121,000.00	63,076.40	57,923.60
Other Purchased Services	34,758.00	20,382.59	55,140.59	13,428.81	41,711.78
Supplies and Materials	24,617.00	158,211.35	182,828.35	97,539.37	85,288.98
Total Support Services	241,783.00	404,750.89	646,533.89	369,778.95	276,754.94
Capital Outlay:					
Instructional Equipment	10,725.00	81,634.00	92,359.00	75,594.00	16,765.00
Total Expenditures	\$ 1,581,616.00	\$ 1,879,266.56	\$ 3,460,882.56	\$ 2,286,243.95	\$ 1,174,638.61

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 For the Fiscal Year Ended June 30, 2010

Note A - 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) "revenues" from the budgetary comparison schedules	\$ 54,781,492.06	\$ 2,286,243.95
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(1,307.57)
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July 2009.	2,216,345.00	10,230.00
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July 2010.	<u>(2,279,075.00)</u>	<u>(10,230.00)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 54,718,762.06</u>	<u>\$ 2,284,936.38</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 55,278,196.87	\$ 2,286,243.95
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.		<u>(1,307.57)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 55,278,196.87</u>	<u>\$ 2,284,936.38</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2010

I.A.S.A.

	Total	Title I	Title I - ARRA	Title I SIA	Title II Part A	Title II Part D	Title III	Title III Immigrant	Total Brought Forward
REVENUES:									
Federal Sources	\$ 1,953,291.24	\$ 416,376.40	\$ 49,546.28	\$ 9,328.52	\$ 52,502.17	\$ 1,809.50	\$ 35,051.00	\$ 17,230.00	\$ 1,371,447.37
State Sources	316,174.48								316,174.48
Local Sources	16,778.23								16,778.23
Total Revenues	\$ 2,286,243.95	\$ 416,376.40	\$ 49,546.28	\$ 9,328.52	\$ 52,502.17	\$ 1,809.50	\$ 35,051.00	\$ 17,230.00	\$ 1,704,400.08
EXPENDITURES:									
Instruction:									
Salaries of Teachers	\$ 1,012,549.13	\$ 345,446.25	\$ 34,099.67	\$ 1,849.85	\$ 39,553.50	\$ 1,712.50	\$ 28,660.00	\$ 14,358.00	\$ 546,869.36
Other Salaries for Instruction	11,340.00								11,340.00
Instruction Purchased Services	9,000.00								9,000.00
Other Purchased Services	555,269.99								555,269.99
General Supplies	206,739.75	1.00	10,747.45	4,851.17		97.00	440.00		190,603.13
Textbooks	41,397.36								41,397.36
Other Objects	4,574.77				1,283.77				3,291.00
Total Instruction	1,840,871.00	345,447.25	44,847.12	6,701.02	40,837.27	1,809.50	29,100.00	14,358.00	1,357,770.84
Support Services:									
Salaries of Other Professional Staff	61,116.77	5,550.15							55,566.62
Personal Services - Employee Benefits	134,617.60	65,379.00	4,699.16	1,280.00	7,079.18		5,951.00	2,872.00	47,357.26
Purchased Professional & Technical Services	63,076.40			1,100.00					61,976.40
Other Purchased Services	13,428.81				4,585.72				8,843.09
Supplies and Materials	97,539.37			247.50					97,291.87
Total Support Services	369,778.95	70,929.15	4,699.16	2,627.50	11,664.90	-	5,951.00	2,872.00	271,035.24
Facilities Acquisition and Construction Services:									
Instructional Equipment	75,594.00								75,594.00
Total Facilities Acquisition and Construction Services	75,594.00	-	-	-	-	-	-	-	75,594.00
Total Expenditures	\$ 2,286,243.95	\$ 416,376.40	\$ 49,546.28	\$ 9,328.52	\$ 52,502.17	\$ 1,809.50	\$ 35,051.00	\$ 17,230.00	\$ 1,704,400.08

(Continued)

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT

Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2010

	I.A.S.A.			I.D.E.I.A. Part B				Preschool Education Aid	Total Brought Forward
	Title IV	Title V	Basic	Basic - ARRA	Preschool	Preschool - ARRA			
REVENUES:									
Federal Sources	\$ 1,371,447.37								\$ 213,874.48
State Sources	316,174.48	\$ 103.80	\$ 874,279.12	\$ 447,573.76	\$ 38,992.08	\$ 3,001.51	\$ 102,300.00	\$ 16,778.23	\$ 213,874.48
Local Sources	16,778.23								16,778.23
Total Revenues	\$ 1,704,400.08	\$ 103.80	\$ 874,279.12	\$ 447,573.76	\$ 38,992.08	\$ 3,001.51	\$ 102,300.00	\$ 230,652.71	\$ 230,652.71
EXPENDITURES:									
Instruction:									
Salaries of Teachers	\$ 546,869.36		\$ 165,453.59	\$ 180,216.43			\$ 90,960.00	\$ 106,879.34	\$ 106,879.34
Other Salaries for Instruction	11,340.00						11,340.00		
Instruction Purchased Services	9,000.00		9,000.00						
Other Purchased Services	555,269.99		530,000.00	7,269.99	\$ 18,000.00				
General Supplies	190,603.13		94,383.72	71,932.25	9,905.54				10,423.23
Textbooks	41,397.36								41,397.36
Other Objects	3,291.00		3,291.00						
Total Instruction	1,357,770.84	-	798,837.31	259,418.67	31,196.54	-	102,300.00	158,699.93	158,699.93
Support Services:									
Salaries of Other Professional Staff	55,566.62		16,923.80	8,380.82					30,262.00
Personal Services - Employee Benefits	47,357.26	\$ 3.80	12,580.66	27,971.09					6,623.00
Purchased Professional & Technical Services	61,976.40	100.00	13,000.00	18,200.00	970.00				29,706.40
Other Purchased Services	8,843.09		4,686.55		4,156.54				
Supplies and Materials	97,291.87		28,250.80	58,009.18	2,669.00				5,361.38
Total Support Services	271,035.24	103.80	75,441.81	112,561.09	7,795.54	3,001.51	-	71,952.78	71,952.78
Facilities Acquisition and Construction Services:									
Instructional Equipment	75,594.00			75,594.00					
Total Facilities Acquisition and Construction Services	75,594.00	-	-	75,594.00	-	-	-	-	-
Total Expenditures	\$ 1,704,400.08	\$ 103.80	\$ 874,279.12	\$ 447,573.76	\$ 38,992.08	\$ 3,001.51	\$ 102,300.00	\$ 230,652.71	\$ 230,652.71

(Continued)

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2010

	Total Carried Forward	Nonpublic Textbook Aid, Ch. 194, L. 1979	Nonpublic Nursing Aid	N.J. Nonpublic Auxiliary Services Ch. 192 Compensatory Education	N.J. Nonpublic Handicapped Services - Ch. 193 Supplemental Instruction	Examination and Classification	Corrective Speech	Caring Schools Inclusion	Total Brought Forward
REVENUES:									
Federal Sources	\$ 213,874.48	\$ 41,397.36	\$ 49,874.78	\$ 52,783.00	\$ 8,785.00	\$ 31,443.34	\$ 29,591.00	\$ 1,000.00	\$ 15,778.23
State Sources	16,778.23								
Local Sources	\$ 230,652.71	\$ 41,397.36	\$ 49,874.78	\$ 52,783.00	\$ 8,785.00	\$ 31,443.34	\$ 29,591.00	\$ 1,000.00	\$ 15,778.23
EXPENDITURES:									
Instruction:									
Salaries of Teachers	\$ 106,879.34			\$ 46,160.00		\$ 24,773.34	\$ 29,591.00	\$ 1,000.00	\$ 5,355.00
Other Salaries for Instruction									
Instruction Purchased Services									
Other Purchased Services	10,423.23								10,423.23
General Supplies	41,397.36	\$ 41,397.36							
Textbooks									
Other Objects									
Total Instruction	158,699.93	41,397.36	-	46,160.00	-	24,773.34	29,591.00	1,000.00	15,778.23
Support Services:									
Salaries of Other Professional Staff	30,262.00		\$ 30,262.00						
Personal Services - Employee Benefits	6,623.00			6,623.00					
Purchased Professional & Technical Services	29,706.40		14,251.40		\$ 8,785.00	6,670.00			
Other Purchased Services									
Supplies and Materials	5,361.38		5,361.38						
Total Support Services	71,952.78	-	49,874.78	6,623.00	8,785.00	6,670.00	-	-	
Facilities Acquisition and Construction Services:									
Instructional Equipment									
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 230,652.71	\$ 41,397.36	\$ 49,874.78	\$ 52,783.00	\$ 8,785.00	\$ 31,443.34	\$ 29,591.00	\$ 1,000.00	\$ 15,778.23

(Continued)

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2010

	Total Carried Forward	Atlantic City Electric	FSA Tutoring	Galloway Education Foundation
REVENUES:				
Federal Sources				
State Sources				
Local Sources	\$ 15,778.23	\$ 460.59	\$ 5,355.00	\$ 9,962.64
Total Revenues	<u>\$ 15,778.23</u>	<u>\$ 460.59</u>	<u>\$ 5,355.00</u>	<u>\$ 9,962.64</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers	\$ 5,355.00		\$ 5,355.00	
Other Salaries for Instruction				
Instruction Purchased Services				
Other Purchased Services	10,423.23	\$ 460.59		\$ 9,962.64
General Supplies				
Textbooks				
Other Objects				
Total Instruction	<u>15,778.23</u>	<u>460.59</u>	<u>5,355.00</u>	<u>9,962.64</u>
Support Services:				
Salaries of Other Professional Staff				
Personal Services - Employee Benefits				
Purchased Professional & Technical Services				
Other Purchased Services				
Supplies and Materials				
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Facilities Acquisition and Construction Services:				
Instructional Equipment				
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 15,778.23</u>	<u>\$ 460.59</u>	<u>\$ 5,355.00</u>	<u>\$ 9,962.64</u>

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Special Revenue Fund
 Statement of Preschool Education Aid
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2010

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 90,960.00	\$ 90,960.00	
Other Salaries for Instruction	11,340.00	11,340.00	
	<u>\$ 102,300.00</u>	<u>\$ 102,300.00</u>	<u>-</u>
Total Expenditures	<u>\$ 102,300.00</u>	<u>\$ 102,300.00</u>	<u>-</u>

Calculation of Budget and Carryover

2009-10 Revised Preschool Education Aid Allocation	\$ 102,300.00	
Actual ECPA Carryover (June 30, 2009)	-	
Total Preschool Education Aid Funds Available for 2009-10 Budget	102,300.00	
Less: 2009-10 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	(102,300.00)	
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2010	-	
Add: 2009-10 Unexpended Preschool Education Aid	-	
2009-10 Preschool Education Aid Actual Carryover	-	

CAPITAL PROJECTS FUND

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Capital Projects Fund
 Summary Statement of Project Expenditures
 For the Fiscal Year Ended June 30, 2010

<u>Project Title / Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2010</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Installation of Solar Panels at the Galloway Township Middle School State Project # 1690-016-09-1000	4/21/2009	\$ 2,366,000.00	\$	893,937.32	\$ 1,472,062.68
Construction of Reeds Road Elementary School Gymnasium State Project # 1690-045-09-1003	9/3/2009	4,198,106.00		769,864.50	3,428,241.50
Demolition of Cologne Elementary School State Project # 1690-020-10-1000	6/11/2010	262,500.00		6,510.00	255,990.00
Demolition of South Egg Harbor Elementary School State Project # 1690-050-10-1000	6/11/2010	146,875.00		5,325.00	141,550.00
Replacement of Fire Alarm at Oceanville Elementary School State Project # 1690-030-09-1001	2/26/2009	75,391.00		75,391.00	
Replacement of Boiler, Fire Alarm, and Doors at Pomona Elementary School State Project # 1690-040-09-1002	2/26/2009	258,666.00		258,666.00	
		<u>\$ 7,307,538.00</u>	<u>\$ -</u>	<u>\$ 2,009,693.82</u>	<u>\$ 5,297,844.18</u>
Reserve for Encumbrances					\$ 1,672,991.00
Designated for Subsequent Years Expenditures					<u>3,624,853.18</u>
					<u>\$ 5,297,844.18</u>

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT

CAPITAL PROJECTS FUND

Summary Statement of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
For the Fiscal Year Ended June 30, 2010

Revenues and Other Financing Sources

State Sources--EDA Grant	\$ 954,816.00
Bond Proceeds and Transfers	
Proceeds from Lease Purchase	
Cancellation of Accounts Payable	
Transfer from Capital Reserve	3,986,722.00
Transfer from (to) Other Local Projects	
Transfer from Capital Outlay	
Total Revenues	4,941,538.00

Expenditures and Other Financing Uses

Expenditures:	
Purchased Professional and Technical Services	\$ 315,834.82
Construction Services	1,659,559.79
Total Expenditures	1,975,394.61
Other Financing Uses:	
Cancellation of Authorized Costs:	
Local Share - Capital Reserve Funds	
Transferred to General Fund	34,299.21
Local Share - Unrestricted Lease Purchase	
Funds Transferred to General Fund	
Total Other Financing Uses	34,299.21
Total Expenditures and Other Financing Uses	2,009,693.82

Excess (Deficiency) of Revenues Over (Under) Expenditures	2,931,844.18
Fund Balance -- July 1	2,366,000.00
Fund Balance -- June 30	\$ 5,297,844.18

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND**

Statement of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
Installation of Solar Panels at the Galloway Township Middle School
From Inception and for the Fiscal Year Ended June 30, 2010

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources--EDA Grant				
Bond Proceeds and Transfers	\$ 2,366,000.00		\$ 2,366,000.00	\$ 2,366,000.00
Proceeds from Lease Purchase				
Cancellation of Accounts Payable				
Transfer from Capital Reserve				
Transfer from (to) Other Local Projects				
Transfer from Capital Outlay				
Total Revenues	<u>2,366,000.00</u>	<u>-</u>	<u>2,366,000.00</u>	<u>2,366,000.00</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services		\$ 57,478.32	57,478.32	125,000.00
Construction Services		836,459.00	836,459.00	2,241,000.00
Transfer to General Fund -- Unrestricted				
Transfer to General Fund -- Capital Reserve				
Total Expenditures	<u>-</u>	<u>893,937.32</u>	<u>893,937.32</u>	<u>2,366,000.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 2,366,000.00</u>	<u>\$ (893,937.32)</u>	<u>\$ 1,472,062.68</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	1690-016-09-1000			
Grant Date	N/A			
Bond Authorization Date	4/21/2009			
Bonds Authorized	\$ 2,366,000.00			
Bonds Issued	N/A			
Original Authorized Cost	\$ 2,366,000.00			
Additional Authorized Cost	-			
Revised Authorized Cost	\$ 2,366,000.00			
Percentage Increase over Original Authorized Cost				
Percentage Completion	37.78%			
Original Target Completion Date	9/30/2009			
Revised Target Completion Date	10/31/2010			

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND**

Statement of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
Construction of Reeds Road Elementary School Gymnasium
From Inception and for the Fiscal Year Ended June 30, 2010

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources--EDA Grant		\$ 807,059.00	\$ 807,059.00	\$ 807,059.00
Bond Proceeds and Transfers				
Proceeds from Lease Purchase				
Cancellation of Accounts Payable				
Transfer from Capital Reserve		3,391,047.00	3,391,047.00	3,391,047.00
Transfer from (to) Other Local Projects				
Transfer from Capital Outlay				
Total Revenues	-	4,198,106.00	4,198,106.00	4,198,106.00
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services		237,655.50	237,655.50	250,000.00
Construction Services		532,209.00	532,209.00	3,948,106.00
Transfer to General Fund -- Unrestricted				
Transfer to General Fund -- Capital Reserve				
Total Expenditures	-	769,864.50	769,864.50	4,198,106.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	\$ 3,428,241.50	\$ 3,428,241.50	\$ -

Additional Project Information:

Project Number	1690-045-09-1003
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 3,889,829.00
Additional Authorized Cost	308,277.00
Revised Authorized Cost	\$ 4,198,106.00
Percentage Increase over Original Authorized Cost	7.93%
Percentage Completion	18.34%
Original Target Completion Date	4/30/2011
Revised Target Completion Date	4/30/2011

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Statement of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
 Demolition of Cologne Elementary School
 From Inception and for the Fiscal Year Ended June 30, 2010

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources--EDA Grant				
Bond Proceeds and Transfers				
Proceeds from Lease Purchase				
Cancellation of Accounts Payable				
Transfer from Capital Reserve		\$ 262,500.00	\$ 262,500.00	\$ 262,500.00
Transfer from (to) Other Local Projects				
Transfer from Capital Outlay				
Total Revenues	-	262,500.00	262,500.00	262,500.00
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services		6,510.00	6,510.00	6,510.00
Construction Services				255,990.00
Transfer to General Fund -- Unrestricted				
Transfer to General Fund -- Capital Reserve				
Total Expenditures	-	6,510.00	6,510.00	262,500.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	\$ 255,990.00	\$ 255,990.00	\$ -
Additional Project Information:				
Project Number	1690-020-10-1000			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 262,500.00			
Additional Authorized Cost	-			
Revised Authorized Cost	\$ 262,500.00			
Percentage Increase over Original Authorized Cost				
Percentage Completion	2.48%			
Original Target Completion Date	10/15/2010			
Revised Target Completion Date	10/15/2010			

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Statement of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
 Demolition of South Egg Harbor Elementary School
 From Inception and for the Fiscal Year Ended June 30, 2010

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources--EDA Grant				
Bond Proceeds and Transfers				
Proceeds from Lease Purchase				
Cancellation of Accounts Payable				
Transfer from Capital Reserve		\$ 146,875.00	\$ 146,875.00	\$ 146,875.00
Transfer from (to) Other Local Projects				
Transfer from Capital Outlay				
Total Revenues	-	146,875.00	146,875.00	146,875.00
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services		5,325.00	5,325.00	5,325.00
Construction Services				141,550.00
Transfer to General Fund -- Unrestricted				
Transfer to General Fund -- Capital Reserve				
Total Expenditures	-	5,325.00	5,325.00	146,875.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	\$ 141,550.00	\$ 141,550.00	\$ -
Additional Project Information:				
Project Number	1690-050-10-1000			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$	146,875.00		
Additional Authorized Cost		-		
Revised Authorized Cost	\$	146,875.00		
Percentage Increase over Original Authorized Cost				
Percentage Completion	3.63%			
Original Target Completion Date	9/30/2010			
Revised Target Completion Date	9/30/2010			

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND**

Statement of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
Replacement of Fire Alarm at Oceanville Elementary School
From Inception and for the Fiscal Year Ended June 30, 2010

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources--EDA Grant		\$ 34,183.00	\$ 34,183.00	\$ 34,183.00
Bond Proceeds and Transfers				
Proceeds from Lease Purchase				
Cancellation of Accounts Payable				
Transfer from Capital Reserve		41,208.00	41,208.00	41,208.00
Transfer from (to) Other Local Projects				
Transfer from Capital Outlay				
Total Revenues	-	75,391.00	75,391.00	75,391.00
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services		3,018.00	3,018.00	3,018.00
Construction Services		66,619.50	66,619.50	66,619.50
Transfer to General Fund -- Unrestricted				
Transfer to General Fund -- Capital Reserve		5,753.50	5,753.50	5,753.50
Total Expenditures	-	75,391.00	75,391.00	75,391.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Additional Project Information:				
Project Number	1690-030-09-1001			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$	76,200.00		
Additional Authorized Cost		(809.00)		
Revised Authorized Cost	\$	75,391.00		
Percentage Increase over Original Authorized Cost	-1.06%			
Percentage Completion	100.00%			
Original Target Completion Date	9/15/2009			
Revised Target Completion Date	9/15/2009			

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND**

Statement of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
Replacement of Boiler, Fire Alarm, and Doors at Pomona Elementary School
From Inception and for the Fiscal Year Ended June 30, 2010

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources--EDA Grant		\$ 113,574.00	\$ 113,574.00	\$ 113,574.00
Bond Proceeds and Transfers				
Proceeds from Lease Purchase				
Cancellation of Accounts Payable				
Transfer from Capital Reserve		145,092.00	145,092.00	145,092.00
Transfer from (to) Other Local Projects				
Transfer from Capital Outlay				
Total Revenues	-	258,666.00	258,666.00	258,666.00
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services		5,848.00	5,848.00	5,848.00
Construction Services		224,272.29	224,272.29	224,272.29
Transfer to General Fund -- Unrestricted				
Transfer to General Fund -- Capital Reserve		28,545.71	28,545.71	28,545.71
Total Expenditures	-	258,666.00	258,666.00	258,666.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-

Additional Project Information:

Project Number	1690-040-09-1002
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 268,300.00
Additional Authorized Cost	(9,634.00)
Revised Authorized Cost	\$ 258,666.00
Percentage Increase over Original Authorized Cost	-3.59%
Percentage Completion	100.00%
Original Target Completion Date	9/15/2009
Revised Target Completion Date	9/15/2009

PROPRIETARY FUNDS

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Enterprise Fund
 Combining Statement of Net Assets
 June 30, 2010

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Gifted and Talented Consortium</u>	<u>Community Education</u>	<u>Total</u>
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	\$ 101,167.52	\$ 40,171.78	\$ 41,906.81	\$ 92,473.34	\$ 275,719.45
Accounts Receivable:					
State	3,711.86				3,711.86
Federal	69,913.31				69,913.31
Other	2,345.14	1,360.00			3,705.14
Interfund Accounts Receivable:					
Due General Fund		141.24		98.13	239.37
Due Agency Fund -- Payroll		5,532.17			5,532.17
Inventories	45,917.31				45,917.31
Total Current Assets	<u>223,055.14</u>	<u>47,205.19</u>	<u>41,906.81</u>	<u>92,571.47</u>	<u>404,738.61</u>
Noncurrent Assets:					
Restricted Cash and Cash Equivalents					
Furniture, Machinery and Equipment	551,531.59				551,531.59
Less Accumulated Depreciation	(435,726.99)				(435,726.99)
Total Noncurrent Assets	<u>115,804.60</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,804.60</u>
Total Assets	<u>338,859.74</u>	<u>47,205.19</u>	<u>41,906.81</u>	<u>92,571.47</u>	<u>520,543.21</u>
LIABILITIES:					
Current Liabilities:					
Interfund Accounts Payable:					
Due General Fund	90,058.38				90,058.38
Accounts Payable	269.54	352.50			622.04
Deferred Revenue	15,637.26				15,637.26
Compensated Absences Payable	4,795.81				4,795.81
Capital Leases Payable	12,501.25				12,501.25
	<u>123,262.24</u>	<u>352.50</u>	<u>-</u>	<u>-</u>	<u>123,614.74</u>
Noncurrent Liabilities:					
Compensated Absences	105,647.71	-	-	-	105,647.71
Total Liabilities	<u>228,909.95</u>	<u>352.50</u>	<u>-</u>	<u>-</u>	<u>229,262.45</u>
NET ASSETS:					
Unrestricted	<u>\$ 109,949.79</u>	<u>\$ 46,852.69</u>	<u>\$ 41,906.81</u>	<u>\$ 92,571.47</u>	<u>\$ 291,280.76</u>

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Enterprise Fund
 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
 For the Fiscal Year Ended June 30, 2010

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Gifted and Talented Consortium</u>	<u>Community Education</u>	<u>Total</u>
OPERATING REVENUES:					
Charges for Services:					
Daily Sales - Reimbursable Programs:					
School Lunch Program	\$ 585,207.80				\$ 585,207.80
School Breakfast Program	20,971.60				20,971.60
Daily Sales - Non-Reimbursable Programs	257,790.92				257,790.92
Community Service Activities		\$ 287,336.75	\$ 29,485.00	\$ 39,664.77	356,486.52
Special Functions	<u>13,698.24</u>				<u>13,698.24</u>
Total Operating Revenues	<u>877,668.56</u>	<u>287,336.75</u>	<u>29,485.00</u>	<u>39,664.77</u>	<u>1,234,155.08</u>
OPERATING EXPENSES:					
Salaries	750,806.94	228,541.02	22,652.75	38,125.41	1,040,126.12
Employee Benefits	268,545.55	55,177.79	1,732.93	2,916.60	328,372.87
Purchased Property Services	31,793.66				31,793.66
Other Purchased Services	4,000.00				4,000.00
General Supplies	51,266.27	15,804.73	2,723.51	4,314.20	74,108.71
Depreciation	15,682.81				15,682.81
Cost of Sales	639,387.47				639,387.47
Miscellaneous	<u>7,680.92</u>	<u>4.00</u>			<u>7,684.92</u>
Total Operating Expenses	<u>1,769,163.62</u>	<u>299,527.54</u>	<u>27,109.19</u>	<u>45,356.21</u>	<u>2,141,156.56</u>
Operating Income / (Loss)	<u>(891,495.06)</u>	<u>(12,190.79)</u>	<u>2,375.81</u>	<u>(5,691.44)</u>	<u>(907,001.48)</u>
NONOPERATING REVENUES (EXPENSES):					
State Sources:					
State School Lunch Program	29,702.42				29,702.42
State School Breakfast Program	6,875.00				6,875.00
Federal Sources:					
National School Lunch Program	607,868.26				607,868.26
National School Breakfast Program	89,053.84				89,053.84
Food Distribution Program	110,397.48				110,397.48
Board Contribution	35,000.00				35,000.00
Interest Revenue	<u>1,336.78</u>	<u>1,002.26</u>	<u>681.74</u>	<u>1,019.57</u>	<u>4,040.35</u>
Total Nonoperating Revenues (Expenses)	<u>880,233.78</u>	<u>1,002.26</u>	<u>681.74</u>	<u>1,019.57</u>	<u>882,937.35</u>
Income (Loss) before Contributions and Transfers	(11,261.28)	(11,188.53)	3,057.55	(4,671.87)	(24,064.13)
Add: Fixed Assets Acquired by Contributed Capital	-	-	-	-	-
Change in Net Assets	(11,261.28)	(11,188.53)	3,057.55	(4,671.87)	(24,064.13)
Net Assets -- July 1	<u>121,211.07</u>	<u>58,041.22</u>	<u>38,849.26</u>	<u>97,243.34</u>	<u>315,344.89</u>
Net Assets -- June 30	<u>\$ 109,949.79</u>	<u>\$ 46,852.69</u>	<u>\$ 41,906.81</u>	<u>\$ 92,571.47</u>	<u>\$ 291,280.76</u>

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
Enterprise Fund
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2010

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Gifted and Talented Consortium</u>	<u>Community Education</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from Customers	\$ 878,192.96	\$ 287,510.13	\$ 29,485.00	\$ 39,664.77	\$ 1,234,852.86
Payments to Employees	(732,877.83)	(228,541.02)	(22,652.75)	(38,125.41)	(1,022,197.01)
Payments for Employee Benefits	(268,545.55)	(55,177.79)	(1,732.93)	(2,916.60)	(328,372.87)
Payments to Suppliers	(726,441.78)	(15,456.23)	(2,723.51)	(4,314.20)	(748,935.72)
Net Cash Provided by (used for) Operating Activities	<u>(849,672.20)</u>	<u>(11,664.91)</u>	<u>2,375.81</u>	<u>(5,691.44)</u>	<u>(864,652.74)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
State Sources	35,346.80				35,346.80
Federal Sources	780,446.93				780,446.93
Operating Subsidies and Transfers to Other Funds	152,429.04	(32,750.54)	147.16	10,085.05	129,910.71
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>968,222.77</u>	<u>(32,750.54)</u>	<u>147.16</u>	<u>10,085.05</u>	<u>945,704.44</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Payment of Capital Leases	(23,599.00)				(23,599.00)
Interest Revenue	1,336.78	1,002.26	681.74	1,019.57	4,040.35
	<u>(22,262.22)</u>	<u>1,002.26</u>	<u>681.74</u>	<u>1,019.57</u>	<u>(19,558.65)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	96,288.35	(43,413.19)	3,204.71	5,413.18	61,493.05
Cash and Cash Equivalents -- July 1	4,879.17	83,584.97	38,702.10	87,060.16	214,226.40
Cash and Equivalents -- June 30	<u>\$ 101,167.52</u>	<u>\$ 40,171.78</u>	<u>\$ 41,906.81</u>	<u>\$ 92,473.34</u>	<u>\$ 275,719.45</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (891,495.06)	\$ (12,190.79)	\$ 2,375.81	\$ (5,691.44)	\$ (907,001.48)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:					
Depreciation and Net Amortization	15,682.81				15,682.81
(Increase) Decrease in Accounts Receivable, net	5,958.50	173.38			6,131.88
(Increase) Decrease in Inventories	7,417.00				7,417.00
Increase (Decrease) in Accounts Payable	(5,164.56)	352.50			(4,812.06)
Increase (Decrease) in Accrued Salaries Benefits	17,929.11				17,929.11
Total Adjustments	<u>41,822.86</u>	<u>525.88</u>	<u>-</u>	<u>-</u>	<u>42,348.74</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (849,672.20)</u>	<u>\$ (11,664.91)</u>	<u>\$ 2,375.81</u>	<u>\$ (5,691.44)</u>	<u>\$ (864,652.74)</u>

FIDUCIARY FUNDS

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Fiduciary Net Assets
 June 30, 2010

	<u>Trust Funds</u>	<u>Agency Funds</u>		<u>Total</u>
	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS:				
Cash and Cash Equivalents	\$ 112,767.95	\$ 59,611.63	\$ 237,161.54	\$ 409,541.12
Interfund Accounts Receivable:				
Due General Fund			5,676.07	5,676.07
Due Payroll Fund	143.90			143.90
	<u>112,911.85</u>	<u>\$ 59,611.63</u>	<u>\$ 242,837.61</u>	<u>415,361.09</u>
Total Assets				
	<u>112,911.85</u>	<u>\$ 59,611.63</u>	<u>\$ 242,837.61</u>	<u>415,361.09</u>
LIABILITIES:				
Payable to Student Groups		\$ 59,611.63		59,611.63
Accounts Payable	5,262.78			5,262.78
Interfund Accounts Payable:				
Due Childcare Fund			\$ 5,532.17	5,532.17
Due Unemployment Trust Fund			143.90	143.90
Payroll Deductions and Withholdings			237,161.54	237,161.54
	<u>5,262.78</u>	<u>\$ 59,611.63</u>	<u>\$ 242,837.61</u>	<u>307,712.02</u>
Total Liabilities				
	<u>5,262.78</u>	<u>\$ 59,611.63</u>	<u>\$ 242,837.61</u>	<u>307,712.02</u>
NET ASSETS:				
Held in Trust for Unemployment Claims	107,649.07			107,649.07
	<u>107,649.07</u>			<u>107,649.07</u>
Total Net Assets				
	<u>\$ 107,649.07</u>			<u>\$ 107,649.07</u>

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2010

	Unemployment Compensation <u>Trust</u>
ADDITIONS:	
Payroll Deductions Withheld	<u>\$ 53,799.83</u>
Total Contributions	<u>53,799.83</u>
Investment Earnings:	
Interest	<u>1,359.65</u>
Total Additions	<u>55,159.48</u>
DEDUCTIONS:	
Unemployment Claims	<u>34,946.10</u>
Change in Net Assets	20,213.38
Net Assets -- July 1	<u>87,435.69</u>
Net Assets -- June 30	<u>\$ 107,649.07</u>

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Fiduciary Funds
 Student Activity Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2010

	Balance <u>June 30, 2009</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance <u>June 30, 2010</u>
ELEMENTARY SCHOOLS:				
Pomona	\$ 587.86	\$ 1,443.19	\$ 1,958.18	\$ 72.87
Arthur Rann	7,512.88	11,314.03	12,103.23	6,723.68
Oceanville	1,755.35	1,816.12	3,443.69	127.78
Reeds Road	13,976.22	12,546.86	13,383.90	13,139.18
Smithville	13,837.81	19,204.97	10,733.57	22,309.21
Roland Rogers	<u>5,822.63</u>	<u>3,156.97</u>	<u>5,661.35</u>	<u>3,318.25</u>
Total Elementary Schools	<u>43,492.75</u>	<u>49,482.14</u>	<u>47,283.92</u>	<u>45,690.97</u>
MIDDLE SCHOOLS:				
Galloway Township Middle	<u>8,882.38</u>	<u>30,050.73</u>	<u>25,012.45</u>	<u>13,920.66</u>
Total All Schools	<u>\$ 52,375.13</u>	<u>\$ 79,532.87</u>	<u>\$ 72,296.37</u>	<u>\$ 59,611.63</u>

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Fiduciary Funds
 Payroll Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2010

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
ASSETS:				
Cash and Cash Equivalents	\$ 229,891.62	\$ 35,756,673.26	\$ 35,749,403.34	\$ 237,161.54
Interfund Accounts Receivable:				
Due Childcare Fund	13,241.79		13,241.79	
Due Unemployment Fund	10,120.96	53,655.93	63,776.89	
Due General Fund		5,676.07		5,676.07
	<u>253,254.37</u>	<u>35,816,005.26</u>	<u>35,826,422.02</u>	<u>242,837.61</u>
Total Assets	\$ 253,254.37	\$ 35,816,005.26	\$ 35,826,422.02	\$ 242,837.61
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 228,483.59	\$ 13,858,094.22	\$ 13,849,416.27	\$ 237,161.54
Net Payroll		21,881,421.33	21,881,421.33	
Interfund Accounts Payable:				
Due Community Education Fund	13,236.10		13,236.10	
Due Childcare Fund		5,532.17		5,532.17
Due Food Service Fund	325.84		325.84	
Due Gifted and Talented Fund	147.16		147.16	
Due Unemployment Fund		143.90		143.90
Due General Fund	11,061.68		11,061.68	
Contra		70,813.64	70,813.64	
	<u>253,254.37</u>	<u>35,816,005.26</u>	<u>35,826,422.02</u>	<u>242,837.61</u>
Total Liabilities	\$ 253,254.37	\$ 35,816,005.26	\$ 35,826,422.02	\$ 242,837.61

LONG-TERM DEBT

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Schedule of Serial Bonds
 For the Fiscal Year Ended June 30, 2010

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2009</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2010</u>
Refunding Bonds	3-1-96	\$ 9,515,000.00	12-15-10	\$ 930,000.00	5.000%	\$ 1,875,000.00		\$ 945,000.00	\$ 930,000.00
Refunding Bonds	1-15-05	12,825,000.00	2-1-11/12	1,405,000.00	5.000%				
			2-1-13	1,410,000.00	3.375%				
			2-1-14	1,390,000.00	4.000%				
			2-1-15	1,380,000.00	3.800%				
			2-1-16	1,385,000.00	4.000%	9,775,000.00		1,400,000.00	8,375,000.00
School District Bonds -- Series 2009	7-1-09	2,366,000.00	3-1-11/13	169,000.00	4.625%	2,366,000.00			2,366,000.00
			3-1-14/24	169,000.00	4.750%				
						<u>\$ 14,016,000.00</u>	<u>-</u>	<u>\$ 2,345,000.00</u>	<u>\$ 11,671,000.00</u>

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,816,350.00	-	\$ 1,816,350.00	\$ 1,816,350.00	-
Debt Service Aid Type II	1,294,302.00	-	1,294,302.00	1,294,302.00	-
Total Revenues	<u>3,110,652.00</u>	<u>-</u>	<u>3,110,652.00</u>	<u>3,110,652.00</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	605,653.00		605,653.00	491,652.50	\$ 114,000.50
Redemption of Principal	2,505,000.00		2,505,000.00	2,345,000.00	160,000.00
Total Regular Debt Service	<u>3,110,653.00</u>	<u>-</u>	<u>3,110,653.00</u>	<u>2,836,652.50</u>	<u>274,000.50</u>
Total Expenditures	<u>3,110,653.00</u>	<u>-</u>	<u>3,110,653.00</u>	<u>2,836,652.50</u>	<u>274,000.50</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1.00)	-	(1.00)	273,999.50	274,000.50
Fund Balance, July 1	1.00	-	1.00	1.00	-
Fund Balance, June 30	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 274,000.50</u>	<u>\$ 274,000.50</u>

STATISTICAL SECTION

Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. Note that Exhibits J-1, J-2 and J-3 are only presented for the last eight fiscal years as the School District's first year of implementation of the Governmental Accounting Standards Board Statement No. 34 was for the fiscal year ended June 30, 2003; thus, ten year comparative financial information is unavailable.

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Net Assets by Component
 Last Eight Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,							
	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities:								
Invested in Capital Assets, Net of Related Debt Restricted	\$ 21,984,624.78	\$ 18,485,992.78	\$ 19,062,976.99	\$ 17,435,624.43	\$ 15,588,625.00	\$ 13,257,190.00	\$ 10,653,654.00	\$ 9,128,653.00
Unrestricted	7,908,363.59	8,793,259.90	4,184,881.03	2,219,648.55	564,133.00	2,078,331.00	2,285,721.00	614,562.00
	(1,489,628.94)	(944,279.04)	(400,335.25)	(111,097.75)	1,470,770.00	2,075,404.00	713,588.00	1,101,808.00
Total Governmental Activities Net Assets	\$ 28,403,359.43	\$ 26,334,973.64	\$ 22,847,522.77	\$ 19,544,175.23	\$ 17,623,528.00	\$ 17,410,925.00	\$ 13,652,963.00	\$ 10,845,023.00
Business-type Activities:								
Invested in Capital Assets, Net of Related Debt Restricted	\$ 115,804.60	\$ 131,487.41	\$ 130,748.77	\$ 61,231.45	\$ 77,371.00	\$ 76,613.00	\$ 85,890.00	\$ 22,186.00
Unrestricted	175,476.16	183,857.48	198,440.84	307,560.85	209,482.00	129,000.00	84,236.00	216,875.00
Total Business-type Activities Net Assets	\$ 291,280.76	\$ 315,344.89	\$ 329,189.61	\$ 368,792.30	\$ 286,853.00	\$ 205,613.00	\$ 170,126.00	\$ 239,061.00
District-wide:								
Invested in Capital Assets, Net of Related Debt Restricted	\$ 22,100,429.38	\$ 18,617,480.19	\$ 19,193,725.76	\$ 17,496,855.88	\$ 15,665,996.00	\$ 13,333,803.00	\$ 10,739,544.00	\$ 9,150,839.00
Unrestricted	7,908,363.59	8,793,259.90	4,184,881.03	2,219,648.55	564,133.00	2,078,331.00	2,285,721.00	614,562.00
	(1,314,152.78)	(760,421.56)	(201,894.41)	196,463.10	1,680,252.00	2,204,404.00	797,824.00	1,318,683.00
Total District-wide Net Assets	\$ 28,694,640.19	\$ 26,650,318.53	\$ 23,176,712.38	\$ 19,912,967.53	\$ 17,910,381.00	\$ 17,616,538.00	\$ 13,823,089.00	\$ 11,084,084.00

Source: District Records

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Changes in Net Assets
 Last Eight Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,							
	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:								
Governmental Activities:								
Instruction:								
Regular	\$ 15,219,480.13	\$ 15,003,940.47	\$ 14,059,267.43	\$ 13,803,916.36	\$ 14,157,121.00	\$ 12,962,134.00	\$ 13,116,689.00	\$ 13,117,540.00
Special Education	7,989,094.22	7,574,621.65	8,046,849.04	6,801,642.61	6,482,904.00	5,889,151.00	5,103,974.00	5,044,946.00
Other Special Education	1,374,482.77	1,455,474.14	1,099,942.45	1,087,868.98	1,116,190.00	1,032,190.00	813,436.00	591,402.00
Other Instruction	107,338.55	107,698.68	99,940.44	107,259.59	132,648.00	200,442.00	180,308.00	180,861.00
Community Service Programs								
Support Services:								
Tuition	973,407.62	675,872.38	310,005.61	675,426.48	661,185.00	693,247.00	450,447.00	341,099.00
Student and Instruction Related Services	6,131,638.97	5,410,727.19	5,144,001.50	4,396,410.19	4,861,327.00	4,988,702.00	4,036,259.00	4,068,826.00
School Administrative Services	1,837,171.21	1,795,050.50	1,745,179.32	1,843,205.27	1,680,650.00	2,018,380.00	1,714,351.00	1,742,427.00
General and Business Administrative Services	1,614,954.26	1,735,963.48	1,543,482.49	1,544,891.53	1,760,876.00	1,647,110.00	2,284,795.00	1,291,601.00
Plant Operations and Maintenance	3,651,643.25	3,937,064.93	3,487,949.94	3,818,884.55	3,180,887.00	3,150,605.00	2,918,387.00	2,950,769.00
Pupil Transportation	3,729,345.98	3,499,441.20	3,236,679.17	3,292,457.18	3,048,468.00	3,007,775.00	2,795,889.00	2,637,796.00
Unallocated Benefits	13,748,403.09	13,081,137.73	12,993,889.35	12,769,610.30	10,508,177.00	9,138,832.00	7,119,537.00	6,836,013.00
Transfer to Charter School	1,815,653.00	1,597,496.00	1,192,085.00	1,199,199.71	1,185,347.00	1,020,021.00	840,007.00	657,804.00
Interest on Long-term Debt	573,988.95	579,059.15	679,538.52	789,224.04	891,020.00	717,110.00	1,124,760.00	1,211,137.00
Unallocated Depreciation	1,825.93	1,825.93	1,825.93	293,412.45	256,028.00	198,283.00	34,632.00	
Total Governmental Activities Expenses	58,968,387.93	56,455,373.43	53,640,636.19	52,423,409.24	49,923,368.00	46,663,982.00	42,533,471.00	40,672,221.00
Business-type Activities:								
Food Service	1,769,163.62	1,785,332.05	1,763,152.24	1,659,626.15	1,677,841.00	1,565,889.00	1,706,870.00	1,694,636.00
Gifted and Talented Consortium	27,109.19	28,047.28	26,552.11	23,799.69	21,805.00	17,510.00	21,911.00	22,669.00
Childcare Program	299,527.54	367,744.17	375,413.49	352,239.93	334,068.00	345,223.00	350,349.00	295,755.00
Community Education	45,356.21	58,592.60	47,617.62	38,331.43	40,425.00	45,394.00	50,616.00	24,076.00
Total Business-type Activities Expense	2,141,156.56	2,239,716.10	2,232,735.46	2,073,997.20	2,074,139.00	1,974,016.00	2,129,746.00	2,027,136.00
Total District Expenses	\$ 61,109,544.49	\$ 58,695,089.53	\$ 55,873,371.65	\$ 54,497,406.44	\$ 51,997,507.00	\$ 48,637,998.00	\$ 44,663,217.00	\$ 42,699,357.00

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Changes in Net Assets
 Last Eight Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,							
	2010	2009	2008	2007	2006	2005	2004	2003
Program Revenues:								
Governmental Activities:								
Operating Grants and Contributions	\$ 5,770,794.59	\$ 5,317,020.01	\$ 7,410,719.67	\$ 6,499,263.34	\$ 5,107,644.00	\$ 4,166,612.00	\$ 4,000,143.00	\$ 3,769,591.00
Charges for Services	2,071.30	21,394.33	46,474.06	67,647.22	61,111.00	111,732.00	43,975.00	86,781.00
Capital Grants and Contributions								
Total Governmental Activities Program Revenues	<u>5,772,865.89</u>	<u>5,338,414.34</u>	<u>7,457,193.73</u>	<u>6,566,910.56</u>	<u>5,168,755.00</u>	<u>4,278,344.00</u>	<u>4,044,118.00</u>	<u>3,856,372.00</u>
Business-type activities:								
Charges for Services:								
Food service	877,668.56	906,821.90	942,137.35	1,002,122.59	1,007,411.00	1,055,114.00	1,045,747.00	1,012,056.00
Gifted and Talented Consortium	29,485.00	33,829.39	33,325.00	30,760.00	24,055.00	17,785.00	20,420.00	18,422.00
Childcare Program	287,336.75	301,932.72	333,584.69	355,266.68	362,519.00	356,426.00	309,723.00	299,904.00
Community Education and Recreation	39,664.77	57,080.41	55,207.60	55,727.59	47,369.00	43,889.00	62,857.00	46,333.00
Capital Grants and Contributions	843,897.00	3,097.00	6,000.00	644,990.26	617,608.00	529,228.00	537,810.00	28,405.00
Operating Grants and Contributions		861,848.76	772,145.28					484,593.00
Total Business-type Activities Program Revenues	<u>2,078,052.08</u>	<u>2,164,610.18</u>	<u>2,142,399.92</u>	<u>2,088,867.12</u>	<u>2,058,962.00</u>	<u>2,002,442.00</u>	<u>1,976,557.00</u>	<u>1,889,713.00</u>
Total District Program Revenues	<u>\$ 7,850,917.97</u>	<u>\$ 7,503,024.52</u>	<u>\$ 9,599,593.65</u>	<u>\$ 8,655,777.68</u>	<u>\$ 7,227,717.00</u>	<u>\$ 6,280,786.00</u>	<u>\$ 6,020,675.00</u>	<u>\$ 5,746,085.00</u>
Net (Expense)/Revenue:								
Governmental Activities	\$ (53,195,522.04)	\$ (51,116,959.09)	\$ (46,183,442.46)	\$ (45,856,498.68)	\$ (44,754,613.00)	\$ (42,385,638.00)	\$ (38,489,353.00)	\$ (36,815,849.00)
Business-type Activities	<u>(63,104.48)</u>	<u>(75,105.92)</u>	<u>(90,335.54)</u>	<u>14,869.92</u>	<u>(15,177.00)</u>	<u>28,426.00</u>	<u>(153,189.00)</u>	<u>(137,423.00)</u>
Total District-wide Net Expense	<u>\$ (53,258,626.52)</u>	<u>\$ (51,192,065.01)</u>	<u>\$ (46,273,778.00)</u>	<u>\$ (45,841,628.76)</u>	<u>\$ (44,769,790.00)</u>	<u>\$ (42,357,212.00)</u>	<u>\$ (38,642,542.00)</u>	<u>\$ (36,953,272.00)</u>

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Changes in Net Assets
 Last Eight Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,							
	2010	2009	2008	2007	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets:								
Governmental Activities:								
Property Taxes Levied for General Purposes, Net	\$ 27,820,785.00	\$ 27,000,639.00	\$ 26,883,000.00	\$ 26,335,007.00	\$ 23,599,910.00	\$ 22,273,560.00	\$ 20,494,661.00	\$ 17,779,014.00
Taxes Levied for Debt Service	1,816,350.00	1,612,913.00	1,649,411.00	1,644,990.00	1,628,255.00	1,676,531.00	1,686,962.00	1,745,805.00
Restricted and Unrestricted Grants and Contributions	24,597,097.84	24,158,178.12	20,759,755.04	19,586,419.25	19,484,200.00	21,777,523.00	19,064,759.00	17,513,739.00
Investment Earnings	163,574.08	126,282.00	202,436.40	311,453.14	263,014.00	127,028.00	78,495.00	82,714.00
Other	898,493.63	1,683,854.73	36,985.79	54,413.57	102,299.00	96,726.00	51,935.00	33,162.00
Donated Assets						250,000.00		
Transfers	(32,392.72)	22,543.11	(44,798.23)	(155,137.59)	(110,462.00)	(57,767.00)	(79,520.00)	(69,401.00)
Total Governmental Activities	55,263,907.83	54,604,409.96	49,486,790.00	47,777,145.37	44,967,216.00	46,143,601.00	41,297,292.00	37,085,033.00
Business-type Activities:								
Investment Earnings	4,040.35	4,361.20	9,432.85	17,069.79	11,417.00	7,060.00	4,735.00	6,964.00
Transfers	35,000.00	56,900.00	41,300.00	50,000.00	85,000.00		79,520.00	
Total Business-type Activities	39,040.35	61,261.20	50,732.85	67,069.79	96,417.00	7,060.00	84,255.00	6,964.00
Total District-wide	\$ 55,302,948.18	\$ 54,665,671.16	\$ 49,537,522.85	\$ 47,844,215.16	\$ 45,063,633.00	\$ 46,150,661.00	\$ 41,381,547.00	\$ 37,091,997.00
Change in Net Assets:								
Governmental Activities	\$ 2,068,385.79	\$ 3,487,450.87	\$ 3,303,347.54	\$ 1,920,646.69	\$ 212,603.00	\$ 3,757,963.00	\$ 2,807,939.00	\$ 269,184.00
Business-type Activities	(24,064.13)	(13,844.72)	(39,602.69)	81,939.71	81,240.00	35,486.00	(68,934.00)	(130,459.00)
Total District	\$ 2,044,321.66	\$ 3,473,606.15	\$ 3,263,744.85	\$ 2,002,586.40	\$ 293,843.00	\$ 3,793,449.00	\$ 2,739,005.00	\$ 138,725.00

Source: District Records

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Fund Balances, Governmental Funds
 Last Eight Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,							
	2010	2009	2008	2007	2006	2005	2004	2003
General Fund:								
Reserved	\$ 2,223,944.67	\$ 4,917,031.30	\$ 4,162,039.97	\$ 2,069,995.46	\$ 1,671,657.00	\$ 2,999,159.00	\$ 1,765,467.00	\$ 1,270,064.00
Unreserved	358,129.28	2,192,922.33	1,180,992.17	1,387,382.91	1,523,708.00	1,124,003.00	2,549,298.00	2,163,777.00
Total General Fund	\$ 2,582,073.95	\$ 7,109,953.63	\$ 5,343,032.14	\$ 3,457,378.37	\$ 3,195,365.00	\$ 4,123,162.00	\$ 4,314,766.00	\$ 3,433,841.00
All Other Governmental Funds:								
Reserved	\$ 1,672,991.00	\$ 1,595,000.00				\$ 1,161,067.00	\$ 37,000.00	\$ 5,124.00
Unreserved, Reported in:								
Capital Projects Fund	3,624,853.18	771,000.00			\$ 202,679.00	245,061.00	156,370.00	3,142.00
Special Revenue Fund	(10,230.00)	(10,230.00)	\$ 10,619.87	\$ (11,279.55)	(11,280.00)	(11,280.00)	(11,280.00)	(20,208.00)
Debt Service Fund	274,000.50	1.00	0.97	0.47	71,001.00	71,007.00	5,860.00	1.00
Total All Other Governmental Funds	\$ 5,561,614.68	\$ 2,355,771.00	\$ 10,620.84	\$ (11,279.08)	\$ 262,400.00	\$ 1,465,855.00	\$ 187,950.00	\$ (11,941.00)

Source: District Records

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues:										
Tax Levy	\$ 29,637,135.00	\$ 28,613,552.00	\$ 28,532,411.00	\$ 27,979,997.00	\$ 25,228,165.00	\$ 23,950,091.00	\$ 22,181,623.00	\$ 19,524,819.00	\$ 17,245,745.00	\$ 16,868,142.00
Other Local Revenue	1,080,917.24	1,849,878.03	302,491.15	451,077.97	431,136.18	338,771.80	174,406.18	209,671.24	230,527.78	465,501.63
State Sources	24,665,510.94	27,969,134.31	26,522,243.37	24,667,772.13	22,974,823.48	24,736,988.56	21,968,694.38	20,426,322.98	20,400,746.25	19,613,236.33
Federal Sources	5,685,603.26	1,487,716.85	1,631,636.44	1,400,346.42	1,612,309.23	1,203,879.40	1,096,210.22	849,992.83	734,569.12	599,592.13
Total Revenue	61,069,166.44	59,920,281.19	56,988,781.96	54,499,193.52	50,246,433.89	50,229,710.76	45,420,933.78	41,010,806.05	38,611,587.15	37,546,472.09
Expenditures:										
Instruction										
Regular Instruction	14,312,518.54	14,102,007.01	13,062,193.12	13,162,481.67	13,458,182.59	12,269,126.98	12,222,349.70	12,022,960.70	11,863,427.66	11,313,611.90
Special Education Instruction	7,500,741.03	7,109,988.15	7,485,380.39	6,492,014.48	6,162,842.54	5,564,307.35	5,103,973.69	5,044,946.45	3,096,573.80	2,835,167.89
Other Special Instruction	1,374,482.77	1,455,474.14	1,099,942.45	1,087,868.98	1,116,190.19	1,032,189.65	813,435.99	591,401.63	499,740.92	443,363.02
Other Instruction	107,338.55	107,698.68	99,940.44	97,499.34	132,647.25	200,441.90	180,307.50	180,860.74	162,951.24	192,204.68
Support Services:										
Tuition	973,407.62	675,872.38	310,005.61	675,426.48	661,185.34	693,246.55	450,447.32	341,099.40	325,327.54	347,551.11
Student and Instruction Related Services	6,121,878.72	5,400,966.94	5,134,241.25	4,550,634.57	4,851,566.44	4,978,942.22	4,439,262.64	4,059,066.40	3,672,241.29	3,075,063.14
School Administrative Services	1,821,310.50	1,781,907.42	1,737,516.99	1,688,980.89	1,672,987.69	2,002,717.28	1,696,771.84	1,725,365.61	1,572,788.58	1,499,833.23
Other Administrative Services	1,577,957.02	1,696,821.29	1,527,758.29	1,548,284.31	1,759,297.64	1,633,765.40	2,269,593.05	1,656,853.58	1,808,493.95	1,636,613.21
Plant Operations and Maintenance	3,817,166.16	3,908,487.06	3,463,828.42	3,800,617.25	3,154,704.38	3,121,536.34	2,891,553.82	2,922,570.71	2,778,582.85	2,641,694.67
Pupil Transportation	3,729,345.98	3,499,441.20	3,236,679.17	3,292,457.18	3,048,467.74	3,007,774.90	2,795,888.53	2,637,796.06	2,507,790.45	2,324,142.81
Unallocated Benefits	10,411,281.08	9,809,532.84	8,795,848.02	8,697,281.87	7,980,226.46	7,053,806.38	5,195,709.56	4,988,995.55	4,323,096.10	3,603,553.64
On-behalf of Pension and Social Security	3,337,122.01	3,271,604.89	4,198,041.33	4,072,328.43	2,528,490.76	2,085,025.86	1,923,826.53	1,691,804.03	1,302,855.30	1,424,840.36
Transfers to Charter School	1,815,653.00	1,597,496.00	1,192,065.00	1,199,199.71	1,185,346.60	1,020,021.42	840,007.00	657,804.00	612,325.00	451,427.00
Debt Service:										
Principal	2,345,000.00	2,390,000.00	2,330,000.00	2,320,000.00	2,140,000.00	2,300,000.00	1,960,000.00	1,980,000.00	1,885,000.00	1,885,000.00
Interest and Other Charges	491,652.50	576,429.97	688,472.50	796,437.50	894,227.00	776,226.06	1,142,620.00	1,230,840.00	1,330,912.50	1,442,256.00
Capital Outlay	2,638,324.88	728,560.45	684,487.06	874,209.97	1,520,860.55	3,294,931.49	384,077.76	137,716.70	88,732.45	560,671.87
Total Expenditures	62,375,180.36	58,112,308.42	55,036,430.04	54,355,722.63	52,267,223.17	51,039,059.78	44,309,584.93	41,870,081.56	37,830,839.63	35,676,994.53
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,306,013.92)	1,807,972.77	1,952,351.92	143,470.89	-	(2,020,789.28)	(804,349.02)	1,111,348.85	(859,275.51)	780,747.52
Other Financing Sources (Uses):										
Capital Leases (Non-budgeted)	16,370.64					1,948,417.00	48,990.00			
Sale of Bonds	2,607.28	2,366,000.00						598.93		
Accounts Receivable/Payable Canceled		(5,001.12)	(3,498.23)	(105,137.59)	(25,461.99)	(57,766.72)	174,390.74	487.31		
Transfers In							(253,910.74)	(70,487.31)		
Transfers Out	(35,000.00)	(56,900.00)	(41,300.00)	(761,742.52)	(85,000.00)					
Total Other Financing Sources (Uses)	(16,022.08)	2,304,098.88	(44,798.23)	(155,137.59)	(110,461.99)	1,890,650.28	(30,530.00)	(69,401.07)	-	-
Net Change in Fund Balances	\$ (1,322,036.00)	\$ 4,112,071.65	\$ 1,907,553.69	\$ (11,666.70)	\$ (110,461.99)	\$ (130,139.00)	\$ (834,879.02)	\$ 1,041,947.78	\$ (859,275.51)	\$ 780,747.52
Debt Service as a Percentage of Noncapital Expenditures	4.7%	5.2%	5.6%	5.8%	6.0%	6.4%	7.1%	7.7%	8.5%	9.5%

Source: District Records

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Rentals	\$ 4,808.43	\$ 6,149.69		\$ 8,368.75	\$ 6,887.71	\$ 968.50	\$ 4,621.69	\$ 725.00	\$ 950.00	\$ 200.00
Prior Year Tuition Adjustments					1,838.00	29,482.49		16,217.19	2,779.50	1,268.00
Jury Duty					250.00		705.00	30.00	54.00	780.00
Charter School Lease										3,205.25
Restitution	27,587.00					6,681.27	352.53	201.25		
Miscellaneous Fees/Photocopies									6,015.83	6,775.92
Special Education-Medicaid Initiative (SEMI)							140.61	11.01		255.99
Lost Book Fines						5,956.54	16,009.55	14,930.36	2,674.02	34,232.23
Miscellaneous Refunds	5,180.47	2,182.15								
Impact Aid										
Rebates	44,217.58	24,562.31	\$ 15,975.08	20,862.29	13,973.36					
Other	740,000.00	1,600,000.00	4,191.14	4,019.86	1,644.29					1,997.23
Petty Cash Return								200.00		12,926.00
Sale of Board Assets										
Scrap/Salvage										
Cancellation of Outstanding Checks	5,461.99	5,469.90	2,864.19	4,964.96	730.00					
Prior Year Refunds	71,238.16	45,490.68	13,955.38	16,197.71	9,779.43	609.20	30,100.06	360.56	23,022.91	
Cancellation of Accounts Payable - State					61,579.67					
Interest Earned on Deposits	163,574.08	126,282.00	202,436.40	311,453.14	268,631.34	127,027.18	78,494.74	82,713.73	163,579.73	305,337.44
Total Miscellaneous Revenues	\$ 1,062,067.71	\$ 1,810,136.73	\$ 239,422.19	\$ 365,866.71	\$ 365,313.80	\$ 170,725.18	\$ 130,424.18	\$ 115,389.10	\$ 199,075.99	\$ 366,978.06

Source: District Records

Revenue Capacity Information

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

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Year Ended Dec. 31	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (1)	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
2010	\$ 136,666,800.00	\$ 2,985,184,800.00	\$ 34,694,100.00	\$ 431,936,100.00	\$ 17,058,000.00	\$ 71,190,000.00	\$ 3,676,729,800.00	\$ 10,247,088.00	\$ 3,686,976,888.00	\$ 802,868,920.00	\$ 3,795,529,018.00	\$ 0.794
2009 (3)	141,348,000.00	2,976,695,800.00	33,723,900.00	434,765,900.00	17,351,800.00	71,190,000.00	3,675,075,400.00	10,546,907.00	3,685,622,307.00	806,960,920.00	3,793,824,033.00	0.791
2008	64,965,900.00	1,596,589,100.00	16,130,600.00	195,138,700.00	6,752,100.00	39,586,300.00	1,919,162,700.00	5,233,920.00	1,924,396,620.00	428,482,200.00	3,963,741,750.00	1.485
2007	62,172,400.00	1,575,075,500.00	15,346,100.00	191,445,400.00	11,426,300.00	39,586,300.00	1,895,052,000.00	5,399,760.00	1,900,451,760.00	424,529,000.00	3,617,860,776.00	1.494
2006	68,235,300.00	1,515,592,900.00	14,202,100.00	178,623,200.00	11,426,300.00	40,386,300.00	1,826,366,100.00	6,184,397.00	1,832,570,497.00	418,935,100.00	2,896,315,603.00	1.445
2005	70,489,500.00	1,436,646,800.00	12,601,200.00	188,482,200.00	11,426,300.00	40,386,300.00	1,760,042,300.00	7,398,146.00	1,767,441,446.00	418,935,100.00	2,541,963,958.00	1.391
2004	75,366,800.00	1,367,780,400.00	13,009,900.00	189,449,500.00	11,426,300.00	40,386,300.00	1,697,429,200.00	9,053,375.00	1,706,482,575.00	320,415,500.00	2,098,994,558.00	1.352
2003	79,830,600.00	1,295,781,700.00	13,421,800.00	179,110,600.00	11,426,300.00	39,966,200.00	1,619,537,200.00	8,560,212.00	1,628,097,412.00	317,601,400.00	2,000,610,889.00	1.281
2002	79,863,000.00	1,234,765,800.00	13,288,700.00	176,792,900.00	11,426,300.00	13,491,700.00	1,529,638,400.00	10,128,816.00	1,539,767,216.00	300,712,200.00	1,684,243,296.00	1.199
2001	81,116,900.00	1,182,395,800.00	12,509,400.00	166,301,900.00	11,426,300.00	4,911,800.00	1,458,662,100.00	9,453,891.00	1,468,115,991.00	299,694,700.00	1,529,087,392.00	1.162

(1) Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

(2) Tax Rates are per \$100.00 of Assessed Valuation

(3) Revaluation

Source: Atlantic County Board of Taxation

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (Rate per \$100 of Assessed Value)
Unaudited

Year Ended Dec. 31	District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Regional High School District	Township of Galloway	Atlantic County	
2010	\$ 0.745	\$ 0.049	\$ 0.794	\$ 0.437	\$ 0.409	\$ 0.329	\$ 1.969
2009 (1)	0.746	0.045	0.791	0.399	0.384	0.321	1.895
2008	1.400	0.085	1.485	0.765	0.677	0.590	3.517
2007	1.408	0.086	1.494	0.736	0.608	0.582	3.420
2006	1.352	0.093	1.445	0.749	0.579	0.596	3.369
2005	1.294	0.097	1.391	0.695	0.562	0.591	3.239
2004	1.249	0.103	1.352	0.606	0.563	0.565	3.086
2003	1.166	0.115	1.281	0.584	0.572	0.540	2.977
2002	1.076	0.123	1.199	0.532	0.572	0.537	2.840
2001	1.032	0.130	1.162	0.504	0.571	0.545	2.782

(1) Revaluation

Source: Municipal Tax Collector

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Principal Property Tax Payers
 Current Year and Nine Years Ago
Unaudited

Taxpayer	2010 (1)			2001		
	Taxable Assessed Value (1)	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Marriott Resorts, Inc.	\$ 83,498,100.00	1	2.26%	\$ 47,265,300.00	1	3.22%
Galloway Apartments, LP	44,550,000.00	2	1.21%			
JSM at Galloway	39,065,400.00	3	1.06%	20,603,400.00	2	1.40%
Atlantic Utility Co. and Ole Hansen Inc	18,639,100.00	4	0.51%	9,580,900.00	5	0.65%
BTR Tilton	12,558,000.00	5	0.34%			
300 E. Jimmie Leeds Rd.	11,772,400.00	6	0.32%			
Galloway National Golf Club	11,699,000.00	7	0.32%	5,544,700.00	8	0.38%
Holualoa Smithville, LLC	11,581,600.00	8	0.31%			
Galloway Healthcare, LP	11,500,000.00	9	0.31%			
CNL Galloway, LLC	11,369,500.00	10	0.31%			
NJ Bell Telephone				9,943,491.00	3	0.68%
Hovnanian				9,339,300.00	6	0.64%
Galloway Holdings				9,649,600.00	4	0.66%
Lenox, Inc.				8,087,700.00	7	0.55%
Aloe Village & Galloway Crest LP				3,619,200.00	9	0.25%
Shoppes at Smithville				3,495,300.00	10	0.24%
Total	\$ 256,233,100.00		6.95%	\$ 82,994,300.00		8.66%

(1) Revaluation

Source: Municipal Tax Assessor

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Property Tax Levies and Collections
 Last Ten Fiscal Years
Unaudited

<u>Fiscal Year</u> <u>Ended June 30,</u>	School District Taxes Levied for the <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (1)</u>		<u>Collections in</u> <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2010	\$ 29,637,135.00	\$ 29,637,135.00	100.00%	-
2009	28,613,552.00	28,613,552.00	100.00%	-
2008	28,532,411.00	28,395,915.18	99.52%	\$ 134,495.82
2007	27,979,997.00	27,719,216.08	99.07%	260,780.92
2006	25,228,165.00	25,228,165.00	100.00%	-
2005	23,950,091.00	23,950,091.00	100.00%	-
2004	22,181,623.00	22,181,623.00	100.00%	-
2003	19,524,819.00	19,524,819.00	100.00%	-
2002	17,245,745.00	17,245,745.00	100.00%	-
2001	16,868,142.00	16,868,142.00	100.00%	-

(1) 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.

Source: District Records

Debt Capacity Information

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

TOWNSHIP OF GALLOWAY 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 (2)	Per Capita (3)
	General Obligation Bonds (1)	Certificates of Participation	Capital Leases (1)	Bond Anticipation Notes	Capital Leases (1)	Total District Debt	Unavailable		
2010	\$ 11,671,000.00	-	\$ 14,225.69	-	\$ 12,501.25	\$ 11,697,726.94	Unavailable	Unavailable	
2009	14,016,000.00	-	416,711.60	-	36,100.25	14,468,811.85	Unavailable	\$ 395.56	
2008	14,040,000.00	-	819,448.24	-	60,760.51	14,920,208.75	1.03%	410.14	
2007	16,370,000.00	-	1,208,678.58	-	6,262.29	17,584,940.87	1.27%	489.04	
2006	18,690,000.00	-	1,584,855.58	-	9,385.58	20,284,241.16	1.52%	565.35	
2005	20,830,000.00	-	1,948,417.00	-	12,216.37	22,790,633.37	1.79%	642.97	
2004	22,823,000.00	-	36,182.87	-	14,782.04	22,873,964.91	1.90%	659.46	
2003	24,783,000.00	-	399,957.06	-	15,385.00	25,198,342.06	2.20%	739.93	
2002	26,763,000.00	-	781,236.85	-	-	27,544,236.85	2.51%	824.65	
2001	28,648,000.00	-	1,144,711.59	-	-	29,792,711.59	2.83%	915.60	

Sources:

- (1) District Records
- (2) Personal income has been estimated based upon the municipal population and per capita
- (3) Per Capita personal income by municipality-estimated based upon the 2000 Census published

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable (2)	Per Capita (3)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding (1)		
2010	\$ 11,671,000.00	-	\$ 11,671,000.00	0.32%	Unavailable
2009	14,016,000.00	-	14,016,000.00	0.38%	\$ 383.18
2008	14,040,000.00	-	14,040,000.00	0.73%	385.95
2007	16,370,000.00	-	16,370,000.00	0.86%	455.25
2006	18,690,000.00	-	18,690,000.00	1.02%	520.92
2005	20,830,000.00	-	20,830,000.00	1.18%	587.65
2004	22,823,000.00	-	22,823,000.00	1.34%	657.99
2003	24,783,000.00	-	24,783,000.00	1.52%	727.73
2002	26,763,000.00	-	26,763,000.00	1.74%	801.26
2001	28,648,000.00	-	28,648,000.00	1.95%	880.42

Sources:

- (1) District Records
- (2) Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
- (3) Per Capita calculation based upon population information provided by the NJ Dept of Labor and Workforce Development

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2009
Unaudited

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Galloway Township</u>
Municipal Debt: (1)				
Galloway Township School District	\$ 13,487,712.00	\$ 13,487,712.00		
Greater Egg Harbor Regional High School District	22,514,348.00	22,514,348.00		
Galloway Township	<u>49,087,092.00</u>	<u>15,688,808.00</u>	<u>\$ 33,398,284.00</u>	<u>\$ 33,398,284.00</u>
	<u>85,089,152.00</u>	<u>51,690,868.00</u>	<u>33,398,284.00</u>	<u>33,398,284.00</u>
Overlapping Debt Apportioned to the Municipality:				
County of Atlantic: (2)				
General:				
Bonds	122,143,688.00	5,839,000.00	116,304,688.00	7,986,317.53
Bonds Issued by Other Public Bodies Guaranteed by the County	<u>26,940,000.00</u>	<u>-</u>	<u>26,940,000.00</u>	<u>1,849,894.43</u>
	<u>149,083,688.00</u>	<u>5,839,000.00</u>	<u>143,244,688.00</u>	<u>9,836,211.95</u>
	<u>\$ 234,172,840.00</u>	<u>\$ 57,529,868.00</u>	<u>\$ 176,642,972.00</u>	<u>\$ 43,234,495.95</u>

Sources:

- (1) 2009 Annual Debt Statement
- (2) County's 2009 Audit Report
- (3) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.
- (4) Deductible in accordance with N.J.S. 40:37A-80.
- (5) Such debt is allocated as a proportion of the Township's share of the total 2009 Equalized Value, which is 6.87%.

The source for this computation was the 2009 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

Demographic and Economic Information

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

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Demographic and Economic Statistics
 Last Ten Fiscal Years
Unaudited

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2009	36,578	Unavailable	Unavailable	10.7%
2008	36,378	\$ 1,449,117,630.00	\$ 39,835.00	6.6%
2007	35,958	1,386,288,774.00	38,553.00	5.4%
2006	35,879	1,334,483,526.00	37,194.00	5.2%
2005	35,446	1,269,888,396.00	35,826.00	4.5%
2004	34,686	1,202,598,306.00	34,671.00	4.9%
2003	34,055	1,145,031,265.00	33,623.00	4.0%
2002	33,401	1,097,256,251.00	32,851.00	4.2%
2001	32,539	1,052,148,565.00	32,335.00	5.4%
2000	31,479	1,005,376,302.00	31,938.00	5.8%

Sources:

- (1) Population information provided by the NJ Dept of Labor and Workforce Development
- (2) Personal income has been estimated based upon the municipal population and per capita
- (3) Per Capita personal income of Atlantic County-estimated based upon the 2000 Census published
- (4) Unemployment data provided by the NJ Dept of Labor and Workforce Development

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Principal Non-Governmental Employers
 Current Year and Nine Years Ago
Unaudited

	2010			2001		
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment (1)</u>
Atlantic City Medical Center	3,500	1	18%	1,200	2	7%
Federal Aviation Administration	3,000	2	16%	2,936	1	18%
Richard Stockton College	840	3	4%	715	3	4%
Galloway Township Board of Education	650	4	3%	495	6	3%
Marriott Corporation / Marriott Country Club	550	5	3%	550	4	3%
Betty Bacharach Rehabilitation Center	525	6	3%	500	5	3%
Ole Hansen & Sons	400	7	2%			
Renault Winery	290	8	2%	100	10	1%
Galloway Township	250	9	1%	190	7	1%
Village of Smithville	200	10	1%	180	8	1%
Blue Heron Pines				163	9	1%
Lenox China				500	5	3%
	<u>10,205</u>		<u>53.49%</u>	<u>7,529</u>		<u>46.50%</u>

Source: Individual Employers

Operating Information

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

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Full-time Equivalent District Employees by Function/Program
 Last Ten Fiscal Years
Unaudited

Function/Program	Fiscal Year Ended June 30,									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Instruction	245	254	260	259	266	269	282	276	276	252
Regular	85	82	82	82	80	82	74	66	54	55
Special education	30	27	26	25	27	27	27	26	26	26
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	38	40	47	47	47	49	49	47	46	43
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	18	18	18	19	18	19	19	21	21	21
General administrative services	32	32	32	32	32	35	35	35	35	35
School administrative services	15	15	15	15	15	15	16	15	15	15
Business administrative services	1	1	1	1	1	1	1	1	1	1
Plant operations and maintenance	46	46	45	45	45	41	41	41	41	41
Pupil transportation	2	2	2	2	2	2	2	2	2	2
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	36	36	35	35	35	36	36	36	36	36
Community Education and Recreation	2	2	2	2	2	2	2	2	2	2
Total	550	555	565	564	569	578	584	568	554	529

Source: District Records

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT

Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2010	3,672	\$ 56,900,202.98	\$ 15,495.70	22.51%	335	11.0/1	11.0/1	3,502.7	3,348.7	-1.28%	95.60%
2009	3,723	54,417,298.00	14,616.52	24.13%	336	10.5/1	10.6/1	3,548.2	3,393.4	-3.59%	95.64%
2008	3,847	51,333,460.48	13,343.76	13.32%	342	10.5/1	10.6/1	3,680.5	3,515.6	-3.12%	95.52%
2007	3,982	50,365,075.16	12,648.19	7.42%	330	10.2/1	12.1/1	3,798.9	3,615.8	-2.02%	95.18%
2006	4,052	47,712,135.62	11,774.96	3.43%	338	12.1/1	12.1/1	3,877.4	3,690.6	-0.77%	95.18%
2005	3,923	44,662,902.23	11,384.88	16.77%	327	12.1/1	12.1/1	3,907.3	3,721.2	-1.49%	95.24%
2004	4,187	40,822,887.17	9,749.91	3.92%	322	13.1/1	12.1/1	3,966.2	3,771.8	-3.41%	95.10%
2003	4,106	38,521,524.86	9,381.76	9.86%	342	12.1/1	13.1/1	4,106.1	3,914.5	1.30%	95.33%
2002	4,043	34,526,194.68	8,539.75	7.43%	358	11.3/1	12.7/1	4,053.4	3,872.0	1.27%	95.52%
2001	3,999	31,789,066.66	7,949.25	8.67%	327	13.5/1	16.1/1	4,002.7	3,820.0	2.14%	95.44%

Sources: District Records

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
Unaudited

	Fiscal Year Ended June 30,									
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<u>District Building</u>										
<u>Elementary</u>										
Arthur Rann (1965,1978,1984,1987)	71,531	71,531	71,531	71,531	71,531	71,521	71,531	71,531	71,531	71,531
Square Feet	740	740	740	740	740	740	740	740	740	740
Capacity (students)	627	624	638	651	655	616	598	607	631	629
Enrollment										
Cologne (1930,1965)	16,838	16,838	16,838	16,838	16,838	16,838	16,838	16,838	16,838	16,838
Square Feet	180	180	180	180	180	180	180	180	180	180
Capacity (students)	closed	closed	closed	closed	closed	174	166	159	168	179
Enrollment										
Oceanville (1927,1953)	14,260	14,260	14,260	14,260	14,260	14,260	14,260	14,260	14,260	14,260
Square Feet	180	180	180	180	180	180	180	180	180	180
Capacity (students)	139	129	161	147	154	111	174	163	164	162
Enrollment										
Pomona (1930,1965,1979)	16,838	16,838	16,838	16,838	16,838	16,838	16,838	16,838	16,838	16,838
Square Feet	180	180	180	180	180	180	180	180	180	180
Capacity (students)	185	175	181	198	186	153	196	194	191	210
Enrollment										
Reeds Road School(1988)	71,643	71,643	71,643	71,643	71,643	71,643	71,643	71,643	71,643	71,643
Square Feet	787	787	787	787	787	787	787	787	787	787
Capacity (students)	569	600	611	646	639	620	605	586	580	560
Enrollment										
Roland Rogers School (1991)	92,211	92,211	92,211	92,211	92,211	92,211	92,211	92,211	92,211	92,211
Square Feet	760	760	760	760	760	760	760	760	760	760
Capacity (students)	559	580	583	568	602	554	573	565	550	565
Enrollment										
Smithville School(1991)	92,211	92,211	92,211	92,211	92,211	92,211	92,211	92,211	92,211	92,211
Square Feet	760	760	760	760	760	760	760	760	760	760
Capacity (students)	559	538	544	625	655	593	615	647	614	620
Enrollment										
South Egg Harbor School(6625)	6,625	6,625	6,625	6,625	6,625	6,625	6,625	6,625	6,625	6,625
Square Feet	105	105	105	105	105	105	105	105	105	105
Capacity (students)	closed	closed	closed	closed	closed	51	76	72	67	67
Enrollment										
<u>Middle School</u>										
Galloway Township Middle School (2000)	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Square Feet	900	900	900	900	900	900	900	900	900	900
Capacity (students)	866	908	949	965	987	982	970	977	965	916
Enrollment										

Number of Schools at June 30, 2010
 Elementary = 6
 Middle School = 1
 High School = 0
 Other = 2 buildings closed

Source: District Records

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Schedule of Required Maintenance
 Last Eight Fiscal Years
Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES (11-000-261-XXX)

* School Facilities	Project # (s)	Fiscal Year Ended June 30,							
		2010	2009	2008	2007	2006	2005	2004	2003
Galloway Middle School	016	\$ 144,496.55	\$ 189,678.28	\$ 138,524.04	\$ 126,446.90	\$ 122,446.00	\$ 104,425.18	\$ 90,994.99	\$ 100,061.42
Arthur Rann	015	147,195.11	91,357.14	76,373.09	89,418.72	71,919.00	94,289.66	71,889.56	90,536.45
Cologne	020	6,504.57	27,847.90	17,275.69	17,688.46	14,944.00	22,601.73	24,551.18	12,141.13
Oceanville	030	25,149.50	72,861.33	50,511.49	57,956.93	49,846.00	34,369.01	33,521.28	19,141.07
Pomona	040	46,401.46	71,162.41	31,470.15	31,196.97	27,552.00	44,269.07	28,992.95	27,541.56
Reeds Road	045	107,620.10	129,005.90	81,877.77	63,539.19	80,828.00	100,499.04	86,885.60	65,129.79
Roland Rogers	046	97,013.28	233,714.01	141,425.24	131,088.51	125,857.00	97,812.30	78,581.60	76,216.66
Smithville	048	147,858.27	106,342.92	114,767.36	122,736.57	103,670.00	80,899.64	64,925.52	73,089.15
South Egg Harbor Administration	050	516.35	12,902.19	5,435.44	9,401.50	3,996.00	18,828.75	17,133.73	21,857.76
	999	89,603.25	129,695.09	37,736.48	29,326.30	15,757.00	11,976.05	17,321.09	
Total School Facilities		812,358.44	1,064,567.17	695,396.75	678,800.05	616,815.00	609,970.43	514,797.50	485,714.99
Other Facilities		-	-	-	-	-	-	-	-
Grand Total		\$ 812,358.44	\$ 1,064,567.17	\$ 695,396.75	\$ 678,800.05	\$ 616,815.00	\$ 609,970.43	\$ 514,797.50	\$ 485,714.99

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

Source: District Records

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT

Insurance Schedule

June 30, 2010

Unaudited

		<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund:			
Property, Auto Physical Damage, Boiler and Machinery and Inland Marine	(A)	\$ 250,000,000.00	\$ 1,000.00
General and Auto Liability	(A)	15,000,000.00	
Workers Compensation	(A)	5,000,000.00	
School Leaders Liability Policy	(B)	5,000,000.00	
Enviornental Impairment	(A)	5,000,000.00	1,000.00
Public Employees Dishonesty Bond			
Per Employee		100,000.00	
Aggregate		400,000.00	
Student Accident Policy:			
Student Accident		1,000,000.00	

(A) Per Occurance

(B) Aggregate

Source: District Records

SINGLE AUDIT SECTION

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

The Honorable President and
Members of the Board of Education
Township of Galloway School District
County of Atlantic
101 South Reeds Road
Galloway, New Jersey 08205

Compliance

We have audited the Township of Galloway School District's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey State Grant Compliance Supplement that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2010. The School District's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the Township of Galloway School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2010.

Internal Control Over Compliance

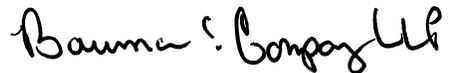
Management of the Township of Galloway School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circular 04-04-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

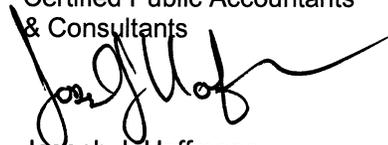
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

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

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Joseph J. Hoffmann
Certified Public Accountant
Public School Accountant No. CS 00759

Voorhees, New Jersey
October 6, 2010

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2010

<u>Pass-through</u> <u>Grantor/Program Title</u>	<u>CFDA</u> <u>Number</u>	<u>State Project</u> <u>Number</u>	<u>Award</u> <u>Amount</u>	<u>Grant Period</u>		<u>Balance</u> <u>June 30, 2009</u>	<u>Carry-over</u> <u>Amount</u>
				<u>From</u>	<u>To</u>		
General Fund							
U.S. Department of Health and Human Services:							
Passed-through the State Department of Education:							
Special Education -- Medicare Initiative	93.778	N/A	\$ 84,003.80	7-1-09	6-30-10		
Special Education -- Medicare Administrative Claiming Aid	93.778	N/A	11,104.24	7-1-09	6-30-10		
U.S. Department of Education:							
Passed-through State Department of Education:							
ARRA - ESF Equalization Aid	84.394	N/A	3,501,602.00	7-1-09	6-30-10		
ARRA - GSF Equalization Aid	84.397	N/A	135,552.00	7-1-09	6-30-10		
Total General Fund						-	-
Special Revenue Fund							
U.S. Department of Education:							
Passed-through State Department of Education:							
I.A.S.A.:							
Title I Carryover	84.010A	IASA169007	1,322.00	9-1-07	8-31-08	\$ 1,321.99	
Title I	84.010A	IASA169009	368,882.00	9-1-08	8-31-09	(116,764.85)	
Title I	84.010A	IASA169010	392,273.00	9-1-09	8-31-10		
ARRA - Title I	84.389	IASA169010	283,578.00	7-1-09	8-31-11		
Title I SIA Carryover	84.010A	IASA169007	5,614.00	9-1-07	8-31-08	1.00	
Title I SIA Carryover	84.010A	IASA169008	29.85	9-1-07	8-31-08	29.85	
Title I SIA	84.010A	IASA169009	10,872.00	9-1-08	8-31-09	(1,573.33)	
Title II Part A Carryover	84.367A	IASA169008	164.00	9-1-07	8-31-08	23.47	
Title II Part A	84.367A	IASA169009	86,648.00	9-1-08	8-31-09	(28,458.01)	
Title II Part A	84.367A	IASA169010	94,352.00	9-1-09	8-31-10		
Title II Part D Carryover	84.318X	IASA169007	301.00	9-1-07	8-31-08	4.00	
Title II Part D Carryover	84.318X	IASA169008	49.00	9-1-07	8-31-08	49.00	
Title II Part D	84.318X	IASA169009	2,704.00	9-1-08	8-31-09	(681.50)	
Title II Part D	84.318X	IASA169010	3,578.00	9-1-09	8-31-10		
Title III Carryover	84.365A	IASA169008	455.29	9-1-07	8-31-08	439.00	
Title III	84.365A	IASA169009	35,907.00	9-1-08	8-31-09	(12,695.00)	
Title III	84.365A	IASA169010	34,392.00	9-1-09	8-31-10		
Title III Immigrant	84.365A	IASA169010	28,030.00	9-1-09	8-31-10		
Title IV Carryover	84.186A	IASA169007	7,975.00	9-1-07	8-31-08	465.89	
Title IV Carryover	84.186A	IASA169008	493.00	9-1-07	8-31-08	306.00	
Title IV	84.186A	IASA169009	9,751.00	9-1-08	8-31-09	(3,668.00)	
Title IV	84.186A	IASA169010	9,670.00	9-1-09	8-31-10		
Title V Carryover	84.298	IASA169007	772.00	9-1-07	8-31-08	15.00	
Title V Carryover	84.298	IASA169008	150.00	9-1-07	8-31-08	103.80	
I.D.E.A. Part B:							
Basic & Capacity	84.027	FT169009	894,996.00	9-1-08	8-31-09	(235,525.25)	\$ (12,469.00)
Basic & Capacity	84.027	FT169010	886,621.00	9-1-09	8-31-10		12,469.00
ARRA - Basic & Capacity	84.391	FT169010	1,015,594.00	7-1-09	8-31-11		
Pre-School	84.173	PS169009	36,763.00	9-1-08	8-31-09	(11,648.29)	
Pre-School	84.173	PS169010	36,669.00	9-1-09	8-31-10		
ARRA - Pre-School	84.392	PS169010	36,613.00	7-1-09	8-31-11		
Total Special Revenue Fund						(408,255.23)	-
Enterprise Fund							
U.S. Department of Agriculture:							
Food Distribution Program							
Food Distribution Program	10.555	Unavailable	209,176.16	7-1-08	6-30-09	37,867.27	
Food Distribution Program	10.555	Unavailable	110,397.48	7-1-09	6-30-10		
Passed-through State Department of Education:							
School Breakfast Program							
School Breakfast Program	10.553	Unavailable	75,599.82	7-1-08	6-30-09	(5,685.03)	
School Breakfast Program	10.553	Unavailable	89,053.84	7-1-09	6-30-10		
National School Lunch Program	10.555	Unavailable	541,601.46	7-1-07	6-30-08	(37,355.63)	
National School Lunch Program	10.555	Unavailable	607,868.26	7-1-09	6-30-10		
Total Enterprise Fund						(5,173.39)	-
Total Federal Financial Assistance						\$ (413,428.62)	-

(A) See Note 5 to the Schedules of Expenditures of Federal Awards and State Financial Assistance
 The accompanying Notes to Financial Statements and Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

Cash Received	Adjustments (A)	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2010		Due to Grantor
				Accounts Receivable	Deferred Revenue	
\$ 84,003.80		\$ 84,003.80				
11,104.24		11,104.24				
3,501,602.00		3,501,602.00				
135,552.00		135,552.00				
<u>3,732,262.04</u>	<u>-</u>	<u>3,732,262.04</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
143,477.00		26,713.15	\$ 1,321.99	\$ (1.00)		
258,904.00		389,663.25		(133,369.00)	\$ 2,609.75	
4,276.00		49,546.28		(279,302.00)	234,031.72	
		29.85	1.00			
9,655.00		9,298.67		(1,217.00)		
		23.47				
36,555.00		8,096.77		(56.00)	56.22	
29,686.00		44,381.93		(64,666.00)	49,970.07	
		49.00	4.00			
1,392.00		710.50				
350.00		1,050.00		(3,228.00)	2,528.00	
		439.00				
8,076.00		220.00		(4,839.00)		
22,928.00		34,392.00		(11,464.00)		
11,487.00		17,230.00		(16,543.00)	10,800.00	
		306.00	465.89			
3,697.00		28.60		(144.00)	144.40	
2,348.00		7,162.50		(7,322.00)	2,507.50	
		103.80	15.00			
437,094.44		201,568.75		(12,468.56)		
124,150.00		672,710.37		(762,471.00)	226,379.63	
49,602.00		447,573.76		(965,992.00)	568,020.24	
16,650.00		5,001.71				
26,560.00		33,990.37		(10,109.00)	2,678.63	
		3,001.51		(36,613.00)	33,611.49	
<u>1,186,887.44</u>	<u>-</u>	<u>1,953,291.24</u>	<u>1,807.88</u>	<u>(2,309,804.56)</u>	<u>1,133,337.65</u>	<u>-</u>
110,397.48		37,867.27			29,195.75	
		81,201.73				
5,685.03						
78,987.40		89,053.84		(10,066.44)		
37,355.63						
548,021.39		607,868.26		(59,846.87)		
<u>780,446.93</u>	<u>-</u>	<u>815,991.10</u>	<u>-</u>	<u>(69,913.31)</u>	<u>29,195.75</u>	<u>-</u>
<u>\$ 5,699,596.41</u>	<u>-</u>	<u>\$ 6,501,544.38</u>	<u>\$ 1,807.88</u>	<u>\$ (2,379,717.87)</u>	<u>\$ 1,162,533.40</u>	<u>-</u>

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2010

State Grantor/ Program Title	State Project Number	Award Amount	Required Match	Grant Period		Balance at June 30, 2009	
				From	To	Deferred Revenue / Accounts Receivable	Due to Grantor
State Department of Education:							
General Fund:							
Transportation Aid	09-495-034-5120-014	\$ 1,226,038.00	n/a	7-1-08	6-30-09	\$ (114,251.83)	
Transportation Aid	10-495-034-5120-014	911,172.00	n/a	7-1-09	6-30-10		
Special Education Aid	09-495-034-5120-089	1,891,943.00	n/a	7-1-08	6-30-09	(176,306.08)	
Special Education Aid	10-495-034-5120-089	1,877,041.00	n/a	7-1-09	6-30-10		
Equalization Aid	09-495-034-5120-078	20,086,239.00	n/a	7-1-08	6-30-09	(1,871,793.22)	
Equalization Aid	10-495-034-5120-078	15,143,774.00	n/a	7-1-09	6-30-10		
Security Aid	09-495-034-5120-084	579,409.00	n/a	7-1-08	6-30-09	(53,993.87)	
Security Aid	10-495-034-5120-084	421,013.00	n/a	7-1-09	6-30-10		
Non-Public Transportation Aid	09-495-034-5120-014	26,539.81	n/a	7-1-08	6-30-09	(26,539.81)	
Non-Public Transportation Aid	10-495-034-5120-014	24,724.00	n/a	7-1-09	6-30-10		
Extraordinary Aid	09-100-034-5120-473	396,150.00	n/a	7-1-08	6-30-09	(396,150.00)	
Extraordinary Aid	10-100-034-5120-473	411,888.00	n/a	7-1-09	6-30-10		
Homeless Tuition Aid	09-495-034-5120-005	36,303.00	n/a	7-1-08	6-30-09	(36,303.00)	
Homeless Tuition Aid	10-495-034-5120-005	37,572.00	n/a	7-1-09	6-30-10		
T.P.A.F. Social Security Aid	09-495-034-5095-002	1,769,556.89	n/a	7-1-08	6-30-09	(88,119.29)	
T.P.A.F. Social Security Aid	10-495-034-5095-002	1,808,259.00	n/a	7-1-09	6-30-10		
Total General Fund						(2,763,457.10)	-
Special Revenue Fund:							
Nonpublic Aid:							
Nursing Services	09-100-034-5120-070	51,724.00	n/a	7-1-08	6-30-09		\$ 6,914.46
Nursing Services	10-100-034-5120-070	50,643.00	n/a	7-1-09	6-30-10		
Textbook Aid (Ch. 194)	09-100-034-5120-064	38,317.00	n/a	7-1-08	6-30-09		1,632.87
Textbook Aid (Ch. 194)	10-100-034-5120-064	42,706.00	n/a	7-1-09	6-30-10		
Technology Initiative Aid	09-100-034-5120-373	26,800.00	n/a	7-1-08	6-30-09		303.45
Auxiliary Services (Ch. 192)							
Compensatory Education	09-100-034-5120-067	73,654.00	n/a	7-1-08	6-30-09		17,723.00
Compensatory Education	10-100-034-5120-067	52,783.00	n/a	7-1-09	6-30-10		
Handicapped Services (Ch. 193)							
Corrective Speech	10-100-034-5120-066	29,591.00	n/a	7-1-09	6-30-10		
Supplementary Instruction	09-100-034-5120-066	31,388.00	n/a	7-1-08	6-30-09		18,568.00
Supplementary Instruction	10-100-034-5120-066	33,450.00	n/a	7-1-09	6-30-10		
Examination and Classification	09-100-034-5120-066	53,077.00	n/a	7-1-08	6-30-09		6,800.00
Examination and Classification	10-100-034-5120-066	44,058.00	n/a	7-1-09	6-30-10		
Character Education Aid	06-495-034-5120-053	10,426.00	n/a	7-1-05	6-30-06	2,519.28	
Self Assessment	Unavailable	14,000.00	n/a	7-1-08	6-30-09	(2,434.68)	
Preschool Education Aid	09-495-034-5120-086	102,300.00	n/a	7-1-08	6-30-09	(10,230.00)	
Preschool Education Aid	10-495-034-5120-086	102,300.00	n/a	7-1-09	6-30-10		
Total Special Revenue Fund						(10,145.40)	51,941.78
Capital Projects Fund:							
School Development Authority	1690-030-09-1001	34,992.00	n/a	7-1-09	Completion		
School Development Authority	1690-040-09-1002	123,208.00	n/a	7-1-09	Completion		
School Development Authority	1690-045-09-1003	807,059.00	n/a	7-1-09	Completion		
Total Capital Projects Fund						-	-
Debt Service Fund:							
State Support	10-495-034-5120-017	1,294,302.00	n/a	7-1-09	6-30-10	-	-
Enterprise Fund:							
State School Lunch Aid	05-100-010-3360-067	26,993.60	n/a	7-1-04	6-30-05	(38.66)	
State School Lunch Aid	09-100-010-3360-067	28,957.52	n/a	7-1-08	6-30-09	(1,959.78)	
State School Lunch Aid	10-100-010-3350-023	29,702.42	n/a	7-1-09	6-30-10		
State School Breakfast Aid	05-100-010-3360-096	5,325.60	n/a	7-1-04	6-30-05	(8.60)	
State School Breakfast Aid	09-100-010-3360-096	6,631.90	n/a	7-1-08	6-30-09	(474.20)	
State School Breakfast Aid	10-100-010-3350-021	6,875.00	n/a	7-1-09	6-30-10		
Total Enterprise Fund						(2,481.24)	-
Total State Financial Assistance						\$ (2,776,083.74)	\$ 51,941.78

(A) See Note 5 to the Schedules of Expenditures of Federal Awards and State Financial Assistance
 The accompanying Notes to Financial Statements and Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

Cash Received	Adjustments (A)	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2010			Memo	
				Accounts Receivable	Deferred Revenue / Interfund Payable	Due to Grantor	Budgetary Receivable June 30, 2010	Cumulative Total Expenditures
\$ 114,251.83		\$ 911,172.00		\$ (113,149.31)			\$ (113,149.31)	\$ 911,172.00
798,022.69								
176,306.08								
1,643,950.10		1,877,041.00		(233,090.90)			(233,090.90)	1,877,041.00
1,871,793.22								
13,263,220.59		15,143,774.00		(1,880,553.41)			(1,880,553.41)	15,143,774.00
53,993.87								
368,731.62		421,013.00		(52,281.38)			(52,281.38)	421,013.00
26,539.81								
396,150.00		24,724.00		(24,724.00)				24,724.00
36,303.00		411,888.00		(411,888.00)				411,888.00
88,119.29		37,572.00		(37,572.00)				37,572.00
1,719,242.86		1,808,259.00		(89,016.14)				1,808,259.00
<u>20,556,624.96</u>	<u>-</u>	<u>20,635,443.00</u>	<u>-</u>	<u>(2,842,275.14)</u>	<u>-</u>	<u>-</u>	<u>(2,279,075.00)</u>	<u>20,635,443.00</u>
50,643.00		49,874.78	\$ 6,914.46			\$ 768.22		49,874.78
42,706.00		41,397.36	1,632.87			1,308.64		41,397.36
			303.45					
			17,723.00					
52,783.00		52,783.00						52,783.00
29,591.00		29,591.00	18,568.00					29,591.00
33,450.00		8,785.00	6,800.00			24,665.00		8,785.00
44,058.00		31,443.34				12,614.66		31,443.34
2,434.68	\$ (2,519.28)							
10,230.00		102,300.00		(10,230.00)			(10,230.00)	102,300.00
92,070.00								
<u>357,965.68</u>	<u>(2,519.28)</u>	<u>316,174.48</u>	<u>51,941.78</u>	<u>(10,230.00)</u>	<u>-</u>	<u>39,356.52</u>	<u>(10,230.00)</u>	<u>316,174.48</u>
		\$ 34,183.00		(34,183.00)				34,183.00
		113,574.00		(113,574.00)				113,574.00
		148,001.52	-	(807,059.00)	\$ 659,057.48			148,001.52
-	-	295,758.52	-	(954,816.00)	659,057.48	-	-	295,758.52
1,294,302.00	-	1,294,302.00	-	-	-	-	-	1,294,302.00
1,959.78				(38.66)				
26,804.62		29,702.42		(2,897.80)				29,702.42
474.20				(8.60)				
6,108.20		6,875.00		(766.80)				6,875.00
35,346.80	-	36,577.42	-	(3,711.86)	-	-	-	36,577.42
<u>\$ 22,244,239.44</u>	<u>\$ (2,519.28)</u>	<u>\$ 22,578,255.42</u>	<u>\$ 51,941.78</u>	<u>\$ (3,811,033.00)</u>	<u>\$ 659,057.48</u>	<u>\$ 39,356.52</u>	<u>\$ (2,289,305.00)</u>	<u>\$ 22,578,255.42</u>

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2010

Note 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Township of Galloway School District (hereafter referred to as the "School District"). The School District is defined in Note 1 to the School District's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

Note 2: BASIS OF ACCOUNTING

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

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the 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 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 state June payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile revenue from the budgetary basis to the GAAP basis is \$(62,730.00) for the general fund and \$(1,307.57) 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.

Note 3: RELATIONSHIP TO FINANCIAL STATEMENTS (CONT'D)

Awards and financial assistance expenditures are reported in the School District's basic financial statements on a GAAP basis as presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 3,732,262.04	\$ 20,635,443.00	\$ 24,367,705.04
Special Revenue	1,953,341.22	314,816.93	2,268,158.15
Capital Projects		295,758.52	295,758.52
Debt Service		1,294,302.00	1,294,302.00
Food Service	<u>815,991.10</u>	<u>36,577.42</u>	<u>852,568.52</u>
Total Awards and Financial Assistance	<u>\$ 6,501,594.36</u>	<u>\$ 22,576,897.87</u>	<u>\$ 28,225,923.71</u>

Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 5: ADJUSTMENTS

Amounts reported in the column entitled "Adjustments" on the schedule of state financial assistance represent a minor cancellation of grant funds.

Note 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distribution, respectively, adjusted for inventory. 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 fiscal year ended June 30, 2010.

Note 7: MAJOR PROGRAMS

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

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010**

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes X no

Were significant deficiencies identified that were not considered to be a material weakness? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over compliance:

Material weaknesses identified? yes X no

Were significant deficiencies identified that were considered to be material weaknesses? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))? yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>IDEA Part B -- Basic & Capacity</u>
<u>84.173</u>	<u>IDEA Part B -- Pre-School</u>
<u>84.391</u>	<u>ARRA - IDEA Part B -- Basic & Capacity</u>
<u>84.392</u>	<u>ARRA - IDEA Part B -- Pre-School</u>
<u>84.010A</u>	<u>Title I</u>
<u>84.010A</u>	<u>Title I SIA</u>
<u>84.389</u>	<u>ARRA - Title I</u>
<u>84.394</u>	<u>ARRA ESF</u>
<u>84.397</u>	<u>ARRA GSF</u>
<u>10.553</u>	<u>School Breakfast Program</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u>10.555</u>	<u>Food Distribution Program</u>

Dollar threshold used to determine Type A programs \$300,000.00

Auditee qualified as low-risk auditee? X yes no

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section 2- Schedule of Financial Statement Findings

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

None.

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section 3- Schedule of Federal Award Findings and Questioned Costs

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

None.

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section 4- Schedule of State Financial Assistance Findings and Questioned Costs

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

None.

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings and
Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE PROGRAMS

Finding No. 2009-1

Program:

State Aid Public:

Equalization Aid (GMIS No. 495-034-5120-078)

Special Education Categorical Aid (GMIS No. 495-034-5120-089)

Security Aid (GMIS No. 495-034-5120-084)

Condition

Our audit of compliance with the Local Public Contracts Law revealed the following:

1. Two professional service contract awards were not advertised.
2. Two extraordinary un-specifiable service contract awards were not advertised.

Current Status

The condition has been resolved.

