

**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, 2013**

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
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## 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

Timothy E. Kelley, CPA  
School Business Administrator

October 14, 2013

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, 2013, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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 2012/13 fiscal year with an enrollment of 3,528 students (including 57 students attending Charter Schools and 34 out of district). 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>
2012-13	3,528	-1.07%
2011-12	3,566	-1.44%
2010-11	3,618	-1.47%
2009-10	3,672	-1.36%
2008-09	3,723	-3.23%
2007-08	3,847	-3.51%
2006-07	3,982	-1.76%
2005-06	4,052	0.3%
2004-05	4,040	-1.03%
2003-04	4,082	-0.95%

**2) ECONOMIC CONDITION AND OUTLOOK:**

The Galloway Township area continues to experience 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 slowed over a period of nine years, which has resulted in a slight decrease in annual daily enrollment. While this downturn is expected to stabilize, Galloway Township does not expect to experience growth issues in the near 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. In the past, Adequate Yearly Progress has been reported. However, the NJDOE is no longer using that measure. The data on the following pages summarizes proficiency rates by grade level and content area.

**3) MAJOR INITIATIVES(CONT'D):**

	Grade 3 ELA			Grade 3 Math		
	Partial	Proficient	Advanced	Partial	Proficient	Advanced
Galloway	44.6	45.4	0.9	22.8	42.6	34.6
DFG	40.2	58.1	1.7	26	41.4	32.6
State	33.6	62.4	4	22.3	36.2	41.5
Arthur Rann	47.4	52.6	0	29.6	36.7	33.7
Reeds Road	39.8	59.2	1	22.4	46.9	30.6
Roland	37.1	59.7	3.2	19.4	45.2	35.5
Smithville	53.2	46.8	0	17.5	42.5	40

	Grade 4 ELA			Grade 4 Math		
	Partial	Proficient	Advanced	Partial	Proficient	Advanced
Galloway	50.6	47.7	1.8	23.9	45.2	30.9
DFG	48.8	47	4.3	25.4	49.2	25.4
State	40.6	51	8.4	21.7	43.8	34.5
Arthur Rann	51.9	47.2	0.9	21.7	47.2	31.1
Reeds Road	60.5	36	3.5	29.9	44.8	25.3
Roland	41.3	55.6	3.2	23.8	46	30.2
Smithville	46	54	0	20.7	42.5	36.8

	Grade 5 ELA			Grade 5 Math		
	Partial	Proficient	Advanced	Partial	Proficient	Advanced
Galloway	44.4	52.8	2.9	20.2	38	41.9
DFG	47.6	48.4	4	24.2	42.1	33.7
State	38.8	52.6	8.7	20.1	36.9	43
Arthur Rann	30	68	2	12.9	39.6	47.5
Reeds Road	42	57	1	14	38	48
Roland	56.9	38.9	4.2	26.4	41.7	31.9
Smithville	51.4	44	4.6	28.4	33.9	37.6

**3) MAJOR INITIATIVES(CONT'D):**

	Grade 6 ELA			Grade 6 Math		
	Partial	Proficient	Advanced	Partial	Proficient	Advanced
Galloway	23.2	74.5	2.4	13.2	53.7	33.2
DFG	40.4	57.6	2	24.4	53.9	21.7
State	33.9	61.5	4.7	21.2	47.9	31
Arthur Rann	24.5	73.5	2	13.3	60.2	26.5
Reeds Road	25	71	4	6	58	36
Roland	20.5	77.3	2.3	14.8	42	43.2
Smithville	22.3	76.6	1.1	19.1	53.2	27.7

	Grade 7 ELA			Grade 7 Math		
	Partial	Proficient	Advanced	Partial	Proficient	Advanced
GTMS/District	38.3	51.5	10.2	40.8	43.4	15.8
DFG	42.2	50.8	7	43.9	38.7	17.5
State	34.8	52.4	12.8	36.4	38.1	25.4

	Grade 8 ELA			Grade 8 Math		
	Partial	Proficient	Advanced	Partial	Proficient	Advanced
GTMS/District	12.9	78.1	9	33.5	48.1	18.4
DFG	21.3	72.8	5.9	36.5	40.9	22.6
State	18.1	70.5	11.4	30.7	38	31.3

During the 2012-2013 school year, efforts continued to meet New Jersey’s adoption of the Common Core in Mathematics. The following list highlights curriculum and instruction related initiatives. These initiatives were funded using both grant and local monies.

- Implemented new Common Core aligned ELA program K-3
- Implemented new Common Core aligned Math program K-5
- Conducted committee work to select the new Math program 6-8
- Completed initial training in new 6-8 Math program
- Created writing intensive ELA Common Core aligned assessments in social studies.
- Conducted committee work to update curriculum and pacing guides for all areas
- Continued work and training for Professional Learning Communities
- Purchased additional iPads to improve literacy and math instruction
- Continued work of District Evaluation Advisory Team

**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 principles 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. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2013.

**6) ACCOUNTING SYSTEM AND REPORTS:**

The District's accounting records reflect 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,

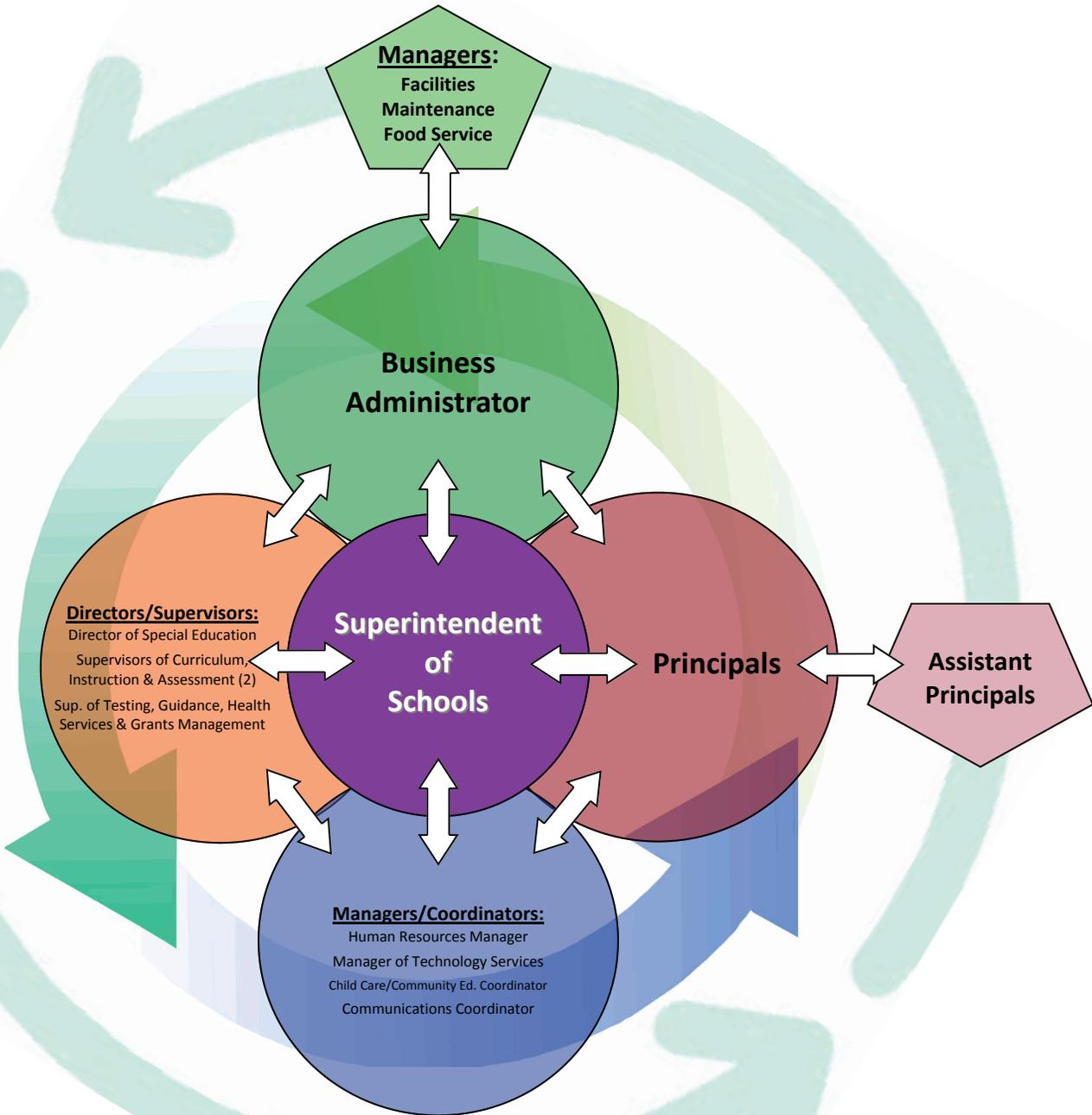


Annette C. Giaquinto, Ed.D  
Superintendent of Schools



Timothy E. Kelley  
School Business Administrator/Board Secretary

# Organizational Chart



**GALLOWAY TOWNSHIP PUBLIC SCHOOLS  
MEMBERS OF THE BOARD OF EDUCATION AND  
ADMINISTRATIVE STAFF  
AS OF JUNE 30, 2013**

**SCHOOL BOARD MEMBERS**

**TERM EXPIRES**

Ernest D. Huggard, President	2014
George Schwenger, Vice-President	2014
Madeline Avery	2015
David Carmen	2015
Suzette M. Cordero	2013
Richard Dase	2015
Beverly R. Evensen	2013
Rosemary Hollway	2013
John W. Knorr	2014

**ADMINISTRATIVE STAFF**

Annette C. Giaquinto, Ed.D Superintendent of Schools  
Timothy E. Kelley, Board Secretary, School Business Administrator

**PRINCIPALS**

**ELEMENTARY SCHOOLS**

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

**MIDDLE SCHOOL**

Galloway Township Middle School	Sharon Kurtz
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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

### ***Report on the Financial Statements***

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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 Administration and Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated October 14, 2013 on our consideration of the Township of Galloway School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township of Galloway School District's internal control over financial reporting and compliance.

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*Daniel M. DiGangi*

Daniel M. DiGangi  
Certified Public Accountant  
Public School Accountant No. CS 002376

Voorhees, New Jersey  
October 14, 2013

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement 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 Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Galloway School District, in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 14, 2013.

***Internal Control Over Financial Reporting***

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*Daniel M. DiGangi*

Daniel M. DiGangi  
Certified Public Accountant  
Public School Accountant No. CS 002376

Voorhees, New Jersey  
October 14, 2013

REQUIRED SUPPLEMENTARY INFORMATION  
PART I

## GALLOWAY TOWNSHIP PUBLIC SCHOOL DISTRICT

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
(Unaudited)

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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, 2013. 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 \$ 34,827,264 (net position).
- The Galloway Township Public School District's total net position increased by \$196,260. 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 \$10,088,429, an increase of \$393,630 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,072,889 approximately, a 3.6 percent increase from that of the prior fiscal year.
- The Galloway Township Public School District's total debt decreased by \$1,582,416 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 position 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 position 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 position changed during the most recent fiscal year. All changes in net position 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, 2013  
(Unaudited) (Cont'd)

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**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 six 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 four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, capital projects fund and debt service fund.

The relationship (or differences) between governmental activities (reported in the Statement of Net Position 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 four 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, 2013  
(Unaudited) (Cont'd)

**District-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Galloway Township Public School District, assets exceeded liabilities by \$34,827,264 at the close of the most recent fiscal year.

The largest portion of the Galloway Township Public School District's net assets (78 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.

<b>TOWNSHIP OF GALLOWAY SCHOOL DISTRICT'S NET POSITION</b>						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and Other Assets	\$ 10,331,310	\$ 10,385,340	\$ 373,710	\$ 347,331	\$ 10,705,020	\$ 10,732,671
Capital Assets	32,331,741	33,898,308	94,792	96,144	32,426,533	33,994,452
<b>Total Assets</b>	<b>42,663,051</b>	<b>44,283,648</b>	<b>468,502</b>	<b>443,475</b>	<b>43,131,553</b>	<b>44,727,123</b>
Deferred Outflows of Resources	253,397	303,975	-	-	253,397	303,975
Long-term Liabilities Outstanding	7,919,885	7,869,330	125,800	126,364	8,045,685	7,995,694
Other Liabilities	340,415	2,217,358	171,586	187,041	512,001	2,404,399
<b>Total Liabilities</b>	<b>8,260,300</b>	<b>10,086,688</b>	<b>297,386</b>	<b>313,405</b>	<b>8,557,686</b>	<b>10,400,093</b>
<b>Net Position:</b>						
Invested in Capital Assets, Net of Related Debt	26,880,039	27,208,755	94,792	96,144	26,974,831	27,304,899
Restricted	8,215,621	7,826,057			8,215,621	7,826,057
Unrestricted	(439,512)	(533,877)	76,324	33,925	(363,188)	(499,952)
<b>Total Net Position</b>	<b>\$ 34,656,148</b>	<b>\$ 34,500,935</b>	<b>\$ 171,116</b>	<b>\$ 130,069</b>	<b>\$ 34,827,264</b>	<b>\$ 34,631,004</b>

A portion of the Galloway Township Public School District's net position (23.7 percent) represents resources that are subject to external restrictions on how they may be used.

There was an increase of \$41,047 in overall net position for the Galloway Township Public School District's business-type activities. The primary reason was the increase in participation in business-type activity programs.

The Galloway Township Public School District's net position for governmental activities increased by \$155,212. 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, 2013  
(Unaudited) (Cont'd)

**Governmental Activities** - Governmental activities increased the Galloway Township Public School District's net position by \$155,212, thereby accounting for 79 percent of the total growth in net position of the Galloway Township Public School District. Key elements of this increase are as follows:

<b>TOWNSHIP OF GALLOWAY SCHOOL DISTRICT'S CHANGES IN NET POSITION</b>						
	Governmental Activities		Business-Type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 184,038	\$ 125,927	\$ 975,648	\$ 1,023,579	\$ 1,159,686	\$ 1,149,506
Operating Grants and Contributions	7,083,245	5,799,744	1,035,509	1,012,830	8,118,754	6,812,574
<b>General Revenues:</b>						
Property Taxes	29,129,468	29,173,288			29,129,468	29,173,288
Grants and Contributions not Restricted to Specific Programs	24,170,792	24,017,572			24,170,792	24,017,572
Other	212,683	282,198	354	887	213,037	283,085
<b>Total Revenues</b>	<b>60,780,226</b>	<b>59,398,729</b>	<b>2,011,511</b>	<b>2,037,296</b>	<b>62,791,737</b>	<b>61,436,025</b>
<b>Expenses:</b>						
Instruction	27,254,544	25,430,661			27,254,544	25,430,661
Support Services	31,952,328	30,025,764			31,952,328	30,025,764
Charter Schools	855,139	1,112,099			855,139	1,112,099
Unallocated Depreciation	4,443	4,443			4,443	4,443
Interest on Debt	485,094	397,342			485,094	397,342
Food Service			1,758,664	1,830,309	1,758,664	1,830,309
Gifted and Talented			28,463	24,888	28,463	24,888
Childcare Program			234,816	257,722	234,816	257,722
Community Education			22,344	37,542	22,344	37,542
<b>Total Expenses</b>	<b>60,551,548</b>	<b>56,970,309</b>	<b>2,044,287</b>	<b>2,150,461</b>	<b>62,595,835</b>	<b>59,120,770</b>
Increase in Net Position before Transfers	228,678	2,428,420	(32,776)	(113,165)	195,902	2,315,255
Transfers	(73,465)	(20,462)	73,823	15,000	358	(5,462)
<b>Increase in Net Position</b>	<b>155,213</b>	<b>2,407,958</b>	<b>41,047</b>	<b>(98,165)</b>	<b>196,260</b>	<b>2,309,793</b>
Net Position, July 1	34,500,935	32,092,977	130,069	228,234	34,631,004	32,321,211
<b>Net Position, June 30</b>	<b>\$ 34,656,148</b>	<b>\$ 34,500,935</b>	<b>\$ 171,116</b>	<b>\$ 130,069</b>	<b>\$ 34,827,264</b>	<b>\$ 34,631,004</b>

- Property taxes decreased by \$43,820 (0.15 percent) during the year.
- Other revenues decreased by \$69,515 (24.6 percent). This was mainly due to a reduction of prior year refunds.

## GALLOWAY TOWNSHIP PUBLIC SCHOOL DISTRICT

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
(Unaudited) (Cont'd)

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**Business-Type Activities** - Business-type activities increased the Galloway Township Public School District's net position by \$41,047.

### 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, unassigned 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 \$10,088,429, an increase of \$393,630 in comparison with the prior year.

Of the combined ending fund balances of \$10,088,429, the unassigned fund balance is \$1,062,659. The remainder of fund balance is restricted or assigned 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 (\$168,092), (2) restricted for future tax relief (\$4,290,362), (3) restricted for future capital expenditures (\$3,952,876) and (4) restricted for maintenance and emergencies (\$614,439).

The general fund is the main operating fund of the Galloway Township Public School District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,072,889, while total fund balance was \$8,820,725.

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

The capital projects fund had a fund balance at the end of the current fiscal year of \$1,108,933.

The debt service fund had a fund balance at fiscal year- end of \$169,001.

**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 \$4,790 for the food service program, a positive balance of \$48,876 for the NJ Gifted and Talented Consortium program, a positive balance of \$16,320 for the Child Care program and a positive balance of \$60,083 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.

### General Fund Budgetary Highlights

During the preparation of the budget for the of the 2013 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 2013, the Galloway Township Public School District budgeted \$27,975,500 and \$23,571,052 for property taxes (local tax levy) and state aid revenues, respectively. The Galloway Township Public School District also received \$1,798,792 and \$3,184,349 reimbursed T.P.A.F. Social Security Aid and T.P.A.F. Pension and Medical Contributions, respectively.

**GALLOWAY TOWNSHIP PUBLIC SCHOOL DISTRICT**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2013  
 (Unaudited) (Cont'd)

**General Fund Budgetary Highlights (Cont'd)**

The Galloway Township Public School District's expenditures also include the reimbursed TPAF Social Security Aid and T.P.A.F. Pension Contributions of \$1,729,959 and \$2,270,577 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, 2013 amounts to \$32,426,533 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, and equipment. There was a net decrease in the Galloway Township Public School District's investment in capital assets for the current fiscal year of 4.6 percent. The net increase was the result of depreciation on existing assets.

At the end of the fiscal year 2013, the Galloway Township Public School District had \$32,426,533 invested in land, construction in progress, land improvements, buildings and improvements and equipment.

<b>TOWNSHIP OF GALLOWAY SCHOOL DISTRICT'S CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)</b>							
	Governmental Activities		Business-Type Activities		Total		
	2013	2012	2013	2012	2013	2012	
Land	\$ 3,471,769	\$ 3,471,769			\$ 3,471,769	\$ 3,471,769	
Building Improvements	28,550,810	30,085,376			28,550,810	30,085,376	
Equipment	309,162	341,163	\$ 94,792	\$ 96,144	403,954	437,307	
<b>Total</b>	<b>\$ 32,331,741</b>	<b>\$ 33,898,308</b>	<b>\$ 94,792</b>	<b>\$ 96,144</b>	<b>\$ 32,426,533</b>	<b>\$ 33,994,452</b>	

Additional information on the Galloway Township Public School District's capital assets can be found in Note 7 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 \$6,014,000. The entire Galloway Township Public School District's bonded debt is governmental as opposed to business-type. The 2014 adopted budget has an appropriation of \$1,559,000 representing the payment of the annual principal. The 2005 bonds will mature on January 15, 2016 and the 2009 Bonds will mature on March 1, 2024.

## **GALLOWAY TOWNSHIP PUBLIC SCHOOL DISTRICT**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
(Unaudited) (Cont'd)

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### **Economic Factors and Next Year's Budget**

For the 2013-14 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 47.5 percent of total revenue is from local tax levy, while 52.5 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 state funding formula, which cause inconsistency in the level of aid received.

The Galloway Township Public School District anticipates a slight decrease in enrollment for the 2013-14 fiscal year as little improvement has been seen in the regional economy.

### **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 Timothy E. Kelley, Business Administrator/ Board Secretary at the Administration Building, 101 S. Reeds Road, Galloway, New Jersey 08205, or e-mail at [kelleyt@gtps.k12.nj.us](mailto:kelleyt@gtps.k12.nj.us).

## BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
Statement of Net Position  
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 7,862,697.04	\$ 273,886.83	\$ 8,136,583.87
Receivables, net	1,231,031.13	83,871.22	1,314,902.35
Restricted Cash and Cash Equivalents	1,237,581.47		1,237,581.47
Inventory (Note 6)		15,951.88	15,951.88
Capital Assets, net (Note 7)	<u>32,331,741.22</u>	<u>94,792.27</u>	<u>32,426,533.49</u>
<b>Total Assets</b>	<u>42,663,050.86</u>	<u>468,502.20</u>	<u>43,131,553.06</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred Loss on Refunding	<u>253,397.11</u>	<u>-</u>	<u>253,397.11</u>
<b>LIABILITIES:</b>			
Accounts Payable	180,522.12	496.90	181,019.02
Interfund Payable	5,676.07	153,291.91	158,967.98
Payable to Other Governments	43,635.70		43,635.70
Accrued Interest	97,534.17		97,534.17
Unearned Revenue	13,046.79	17,797.24	30,844.03
Noncurrent Liabilities (Note 8):			
Due within One Year	1,629,131.45		1,629,131.45
Due beyond One Year	<u>6,290,753.97</u>	<u>125,799.79</u>	<u>6,416,553.76</u>
<b>Total Liabilities</b>	<u>8,260,300.27</u>	<u>297,385.84</u>	<u>8,557,686.11</u>
<b>NET POSITION:</b>			
Invested in Capital Assets, Net of Related Debt	26,880,038.62	94,792.27	26,974,830.89
Restricted for:			
Debt Service	71,466.82		71,466.82
Capital Projects	564,411.75		564,411.75
Other Purposes	7,579,742.97		7,579,742.97
Unrestricted (Deficit)	<u>(439,512.46)</u>	<u>76,324.09</u>	<u>(363,188.37)</u>
<b>Total Net Position</b>	<u>\$ 34,656,147.70</u>	<u>\$ 171,116.36</u>	<u>\$ 34,827,264.06</u>

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, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 7,862,697.04		\$ 1,068,580.48	\$ 169,000.99	\$ 9,100,278.51
Receivables, net:					
Interfunds Receivable:					
Food Service Fund	138,138.16				138,138.16
Community Education Fund	5,705.19				5,705.19
Child Care	5,518.64				5,518.64
Special Revenue Fund	366,189.02				366,189.02
Receivables from Other Governments:					
State of NJ -- FICA	89,307.31				89,307.31
State of NJ -- Extraordinary Aid	237,268.00				237,268.00
State of NJ -- Non-Public Transportation	43,674.00				43,674.00
Federal Grants	2,045.00	\$ 474,303.55	40,352.95		516,701.50
Other Receivables	194,118.33	600.00			194,718.33
<b>Total Assets</b>	<b>\$ 8,944,660.69</b>	<b>\$ 474,903.55</b>	<b>\$ 1,108,933.43</b>	<b>\$ 169,000.99</b>	<b>\$ 10,697,498.66</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 118,260.08	\$ 62,262.04			\$ 180,522.12
Interfunds Payable:					
Payroll Agency Fund	5,676.07				5,676.07
General Fund		366,189.02			366,189.02
Payable to State Government		43,635.70			43,635.70
Unearned Revenue		13,046.79			13,046.79
<b>Total Liabilities</b>	<b>123,936.15</b>	<b>485,133.55</b>	<b>-</b>	<b>-</b>	<b>609,069.70</b>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Capital Reserve Account	791,442.42				791,442.42
Capital Reserve Account - Designated for Subsequent Year's Expenditures	2,052,500.00				2,052,500.00
Maintenance Reserve	300,222.68				300,222.68
Emergency Reserve	314,216.52				314,216.52
Excess Surplus	601,139.35				601,139.35
Excess Surplus -- Designated for Subsequent Year's Expenditures	2,770,192.10				2,770,192.10
Capital Projects - Designated for Subsequent Year's Expenditures			\$ 1,108,933.43		1,108,933.43
Debt Service				\$ 0.99	0.99
Debt Service -- Designated for Subsequent Year's Expenditures				169,000.00	169,000.00
<b>Assigned:</b>					
Other Purposes	168,092.26				168,092.26
Subsequent Year's Expenditures	750,029.90				750,029.90
Unassigned	1,072,889.31	(10,230.00)			1,062,659.31
<b>Total Fund Balances</b>	<b>8,820,724.54</b>	<b>(10,230.00)</b>	<b>1,108,933.43</b>	<b>169,000.99</b>	<b>10,088,428.96</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,944,660.69</b>	<b>\$ 474,903.55</b>	<b>\$ 1,108,933.43</b>	<b>\$ 169,000.99</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$57,994,254.06 and the accumulated depreciation is \$25,662,512.84.	32,331,741.22
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.	(7,919,885.42)
Deferred loss on refundings are not financial resources and therefore are not reported in the funds.	253,397.11
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.	(97,534.17)
<b>Net position of governmental activities</b>	<b>\$ 34,656,147.70</b>

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, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local Tax Levy	\$ 27,975,500.00			\$ 1,153,968.00	\$ 29,129,468.00
Tuition Charges	184,037.85				184,037.85
Miscellaneous	212,683.29	\$ 44,877.01			257,560.30
State Sources	28,454,836.53	316,987.21		732,178.00	29,504,001.74
Federal Sources	83,943.70	1,621,213.95			1,705,157.65
<b>Total Revenues</b>	<u>56,911,001.37</u>	<u>1,983,078.17</u>	<u>-</u>	<u>1,886,146.00</u>	<u>60,780,225.54</u>
<b>EXPENDITURES:</b>					
Regular Instruction	14,802,353.48				14,802,353.48
Special Education Instruction	6,176,593.49	1,652,065.52			7,828,659.01
Other Special Instruction	1,647,876.41				1,647,876.41
Other Instruction	83,385.89				83,385.89
Tuition	1,073,501.55				1,073,501.55
Support Services and Undistributed Costs:					
Student and Instruction Related Services	4,933,438.63	267,210.40			5,200,649.03
School Administrative Services	1,773,367.97				1,773,367.97
Other Administrative Services	1,557,549.23				1,557,549.23
Plant Operations and Maintenance	3,459,950.21				3,459,950.21
Pupil Transportation	3,615,225.70				3,615,225.70
Unallocated Benefits	11,195,621.83	71,774.26			11,267,396.09
Reimbursed TPAF Pension and Social Security	4,983,140.53				4,983,140.53
Transfer to Charter School	855,139.00				855,139.00
Debt Service:					
Principal				1,579,000.00	1,579,000.00
Interest and Other Charges				307,146.26	307,146.26
Capital Outlay					278,789.99
<b>Total Expenditures</b>	<u>276,586.00</u>	<u>2,203.99</u>	<u>-</u>	<u>1,886,146.26</u>	<u>60,313,130.35</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>56,433,729.92</u>	<u>1,993,254.17</u>	<u>-</u>	<u>(0.26)</u>	<u>467,095.19</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfer In from Capital Projects Fund			\$ (169,000.00)	169,000.00	
Transfer from Operating Budget - Pre K	(10,176.00)	10,176.00			
Operating Transfer Out to Food Service Fund -- Transfer to Cover Deficit	(73,822.97)				(73,822.97)
Cancellation of Grant Balances	357.83				357.83
<b>Total Other Financing Sources and Uses</b>	<u>(83,641.14)</u>	<u>10,176.00</u>	<u>(169,000.00)</u>	<u>169,000.00</u>	<u>(73,465.14)</u>
<b>Net Change in Fund Balances</b>	<u>393,630.31</u>	<u>0.00</u>	<u>(169,000.00)</u>	<u>168,999.74</u>	<u>393,630.05</u>
<b>Fund Balance (Deficit)-- July 1</b>	<u>8,427,094.23</u>	<u>(10,230.00)</u>	<u>1,277,933.43</u>	<u>1.25</u>	<u>9,694,798.91</u>
<b>Fund Balance (Deficit) -- June 30</b>	<u>\$ 8,820,724.54</u>	<u>\$ (10,230.00)</u>	<u>\$ 1,108,933.43</u>	<u>\$ 169,000.99</u>	<u>\$ 10,088,428.96</u>

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, 2013

Total Net Change in Fund Balances - Governmental Funds	\$	393,630.05
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	\$	(1,820,542.04)
Debt Service Assessment Charged to Capital Outlay		(24,815.00)
Capital Outlays		<u>278,789.99</u>
		(1,566,567.05)
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.		1,579,000.00
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.		3,416.45
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. (+)		22,433.54
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		(167,523.97)
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>(101,134.49)</u>
Change in Net Position of Governmental Activities	\$	<u><u>155,212.27</u></u>

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

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Statement of Net Position  
 Proprietary Fund  
 June 30, 2013

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Gifted and Talented Consortium</u>	<u>Community Education</u>	<u>Total</u>
<b>ASSETS:</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 102,645.21	\$ 46,312.21	\$ 53,744.42	\$ 71,184.99	\$ 273,886.83
Accounts Receivable:					
State	1,293.78				1,293.78
Federal	67,099.89				67,099.89
Other	5,593.95	421.51			6,015.46
Interfund Accounts Receivable:					
Due Agency Fund -- Payroll		5,532.17			5,532.17
Due Community Education		3,929.92			3,929.92
Inventories	15,951.88				15,951.88
<b>Total Current Assets</b>	<u>192,584.71</u>	<u>56,195.81</u>	<u>53,744.42</u>	<u>71,184.99</u>	<u>373,709.93</u>
<b>Noncurrent Assets:</b>					
Restricted Cash and Cash Equivalents					
Furniture, Machinery and Equipment	569,041.90				569,041.90
Less Accumulated Depreciation	(474,249.63)				(474,249.63)
<b>Total Noncurrent Assets</b>	<u>94,792.27</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,792.27</u>
<b>Total Assets</b>	<u>287,376.98</u>	<u>56,195.81</u>	<u>53,744.42</u>	<u>71,184.99</u>	<u>468,502.20</u>
<b>LIABILITIES:</b>					
<b>Current Liabilities:</b>					
Interfund Accounts Payable:					
Due General Fund	138,138.16	5,518.64		5,705.19	149,361.99
Due Childcare Fund				3,929.92	3,929.92
Accounts Payable	496.90				496.90
Unearned Revenue	17,797.24				17,797.24
	<u>156,432.30</u>	<u>5,518.64</u>	<u>-</u>	<u>9,635.11</u>	<u>171,586.05</u>
<b>Noncurrent Liabilities:</b>					
Compensated Absences	125,799.79	-	-	-	125,799.79
<b>Total Liabilities</b>	<u>282,232.09</u>	<u>5,518.64</u>	<u>-</u>	<u>9,635.11</u>	<u>297,385.84</u>
<b>NET POSITION:</b>					
Invested in Capital Assets, Net of Related Debt	94,792.27				94,792.27
Unrestricted	(89,647.38)	50,677.17	53,744.42	61,549.88	76,324.09
<b>Total Net Position</b>	<u>\$ 5,144.89</u>	<u>\$ 50,677.17</u>	<u>\$ 53,744.42</u>	<u>\$ 61,549.88</u>	<u>\$ 171,116.36</u>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Statement of Revenues, Expenses and Changes in Fund Net Position  
 Proprietary Fund  
 For the Fiscal Year Ended June 30, 2013

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Gifted and Talented Consortium</u>	<u>Community Education</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>					
Charges for Services:					
Daily Sales - Reimbursable Programs:					
School Lunch Program	\$ 420,346.19				\$ 420,346.19
School Breakfast Program	27,348.95				27,348.95
Daily Sales - Non-Reimbursable Programs	192,031.44				192,031.44
Special Functions	9,843.56				9,843.56
Community Service Activities					
	<u>                    </u>	<u>\$ 269,128.17</u>	<u>\$ 33,235.00</u>	<u>\$ 23,715.00</u>	<u>326,078.17</u>
Total Operating Revenues	<u>649,570.14</u>	<u>269,128.17</u>	<u>33,235.00</u>	<u>23,715.00</u>	<u>975,648.31</u>
<b>OPERATING EXPENSES:</b>					
Salaries	764,877.40	194,883.24	24,275.50	15,267.63	999,303.77
Employee Benefits	248,170.76	31,976.25	1,857.08	2,773.51	284,777.60
Purchased Property Services	30,955.10				30,955.10
Other Purchased Services	4,000.00				4,000.00
General Supplies	47,594.21	7,956.42	2,330.71	4,302.30	62,183.64
Depreciation	17,583.38				17,583.38
Cost of Sales	645,112.73				645,112.73
Miscellaneous	370.78				370.78
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Operating Expenses	<u>1,758,664.36</u>	<u>234,815.91</u>	<u>28,463.29</u>	<u>22,343.44</u>	<u>2,044,287.00</u>
Operating Income / (Loss)	<u>(1,109,094.22)</u>	<u>34,312.26</u>	<u>4,771.71</u>	<u>1,371.56</u>	<u>(1,068,638.69)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
State Sources:					
State School Lunch Program	19,832.12				19,832.12
Federal Sources:					
National School Lunch Program	750,971.18				750,971.18
National School Breakfast Program	175,386.38				175,386.38
Food Distribution Program	69,040.34				69,040.34
HHFKA	20,278.50				20,278.50
Board Contribution	73,822.97				73,822.97
Interest Revenue	117.61	44.89	96.51	95.59	354.60
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Nonoperating Revenues (Expenses)	<u>1,109,449.10</u>	<u>44.89</u>	<u>96.51</u>	<u>95.59</u>	<u>1,109,686.09</u>
Income (Loss) before Contributions and Transfers	354.88	34,357.15	4,868.22	1,467.15	41,047.40
Subtract: Cancellation of Receivable	-	-	-	-	-
Change in Net Position	354.88	34,357.15	4,868.22	1,467.15	41,047.40
Net Position -- July 1	<u>4,790.01</u>	<u>16,320.02</u>	<u>48,876.20</u>	<u>60,082.73</u>	<u>130,068.96</u>
Net Position -- June 30	<u>\$ 5,144.89</u>	<u>\$ 50,677.17</u>	<u>\$ 53,744.42</u>	<u>\$ 61,549.88</u>	<u>\$ 171,116.36</u>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Statement of Cash Flows  
 Proprietary Fund  
 For the Fiscal Year Ended June 30, 2013

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Gifted and Talented Consortium</u>	<u>Community Education</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from Customers	\$ 648,323.99	\$ 270,351.50	\$ 33,235.00	\$ 23,715.00	\$ 975,625.49
Payments to Employees	(765,442.56)	(194,883.24)	(24,275.50)	(15,267.63)	(999,868.93)
Payments for Employee Benefits	(256,704.31)	(32,681.81)	(1,857.08)	(2,773.51)	(294,016.71)
Payments to Suppliers	<u>(742,736.41)</u>	<u>(7,250.86)</u>	<u>(2,330.71)</u>	<u>(4,302.30)</u>	<u>(756,620.28)</u>
Net Cash Provided by (used for) Operating Activities	<u>(1,116,559.29)</u>	<u>35,535.59</u>	<u>4,771.71</u>	<u>1,371.56</u>	<u>(1,074,880.43)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>					
State Sources	19,357.16				19,357.16
Federal Sources	985,503.76				985,503.76
Operating Subsidies and Transfers to Other Funds	<u>82,268.98</u>	<u>7,528.23</u>	<u>(414.06)</u>	<u>1,638.24</u>	<u>91,021.39</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>1,087,129.90</u>	<u>7,528.23</u>	<u>(414.06)</u>	<u>1,638.24</u>	<u>1,095,882.31</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Purchases of Capital Assets	<u>(16,232.00)</u>	-	-	-	<u>(16,232.00)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest Revenue	<u>117.61</u>	<u>44.89</u>	<u>96.51</u>	<u>95.59</u>	<u>354.60</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(45,543.78)	43,108.71	4,454.16	3,105.39	5,124.48
Cash and Cash Equivalents -- July 1	<u>148,188.99</u>	<u>3,203.50</u>	<u>49,290.26</u>	<u>68,079.60</u>	<u>268,762.35</u>
Cash and Equivalents -- June 30	<u>\$ 102,645.21</u>	<u>\$ 46,312.21</u>	<u>\$ 53,744.42</u>	<u>\$ 71,184.99</u>	<u>\$ 273,886.83</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	\$ (1,109,094.22)	\$ 34,312.26	\$ 4,771.71	\$ 1,371.56	\$ (1,068,638.69)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:					
Depreciation and Net Amortization	17,583.38				17,583.38
(Increase) Decrease in Accounts Receivable, net	(31,622.92)	1,223.33			(30,399.59)
(Increase) Decrease in Inventories	7,124.56				7,124.56
Increase (Decrease) in Accounts Payable	496.90				496.90
Increase (Decrease) in Unearned Revenue	(481.83)				(481.83)
Increase (Decrease) in Accrued Salaries Benefits	<u>(565.16)</u>				<u>(565.16)</u>
Total Adjustments	<u>(7,465.07)</u>	<u>1,223.33</u>	<u>-</u>	<u>-</u>	<u>(6,241.74)</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (1,116,559.29)</u>	<u>\$ 35,535.59</u>	<u>\$ 4,771.71</u>	<u>\$ 1,371.56</u>	<u>\$ (1,074,880.43)</u>

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

	<u>Trust Funds</u>	<u>Agency Funds</u>		<u>Total</u>
	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 65,294.49	\$ 69,033.38	\$ 337,736.91	\$ 472,064.78
Interfund Accounts Receivable:				
Due General Fund			5,676.07	5,676.07
Due Payroll Fund	52,379.60			52,379.60
<b>Total Assets</b>	<u>117,674.09</u>	<u>\$ 69,033.38</u>	<u>\$ 343,412.98</u>	<u>530,120.45</u>
<b>LIABILITIES:</b>				
Payable to Student Groups		\$ 69,033.38		69,033.38
Accounts Payable	1,856.46			1,856.46
Interfund Accounts Payable:				
Due Childcare Fund			\$ 5,532.17	5,532.17
Due Unemployment Trust Fund			52,379.60	52,379.60
Payroll Deductions and Withholdings			285,501.21	285,501.21
<b>Total Liabilities</b>	<u>1,856.46</u>	<u>\$ 69,033.38</u>	<u>\$ 343,412.98</u>	<u>414,302.82</u>
<b>NET POSITION:</b>				
Held in Trust for Unemployment Claims	115,817.63			115,817.63
<b>Total Net Position</b>	<u>\$ 115,817.63</u>			<u>\$ 115,817.63</u>

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

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	Unemployment Compensation Trust
ADDITIONS:	
Payroll Deductions Withheld	\$ 52,301.36
Board Contribution	<u>36,754.24</u>
Total Contributions	<u>89,055.60</u>
Investment Earnings:	
Interest	<u>119.17</u>
Total Additions	<u>89,174.77</u>
DEDUCTIONS:	
Unemployment Claims	<u>45,798.13</u>
Change in Net Position	43,376.64
Net Position -- July 1	<u>72,440.99</u>
Net Position -- June 30	<u><u>\$ 115,817.63</u></u>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**

Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Township of Galloway School District (the "School District") have been prepared to conform 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 following is a summary of the more significant of these 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 six schools. The School District has an approximate enrollment at June 30, 2013 of 3,528.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board 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**

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, provide guidance that all entities associated with a primary government are potential component units, and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39. In addition, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. In addition, GASB Statement No. 61 clarifies the manner in which component units are presented (discretely presented, blended, or included in the fiduciary fund financial statements).

The School District has determined that the component unit listed below is not significant and, therefore, has not been included in the basic financial statements:

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

Complete financial statements of the individual components can be obtained from their administrative offices.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

**Government-wide Financial Statements** - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide financial statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund 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.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District 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. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

**Fund Financial Statements** - The School District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

The governmental funds are accounted for on the "flow of current financial resources" measurement focus. This measurement focus is based on the concept of accountability, which includes measuring interperiod equity whether current year revenues were sufficient to pay for current year services. The proprietary fund is accounted for on an "economic resources" measurement focus. Accordingly, statement of revenues, expenses and changes in fund net position for the proprietary fund reports increases and decreases in total economic worth. The private-purpose trust fund is reported using the economic resources measurement focus.

**Governmental Funds** - Governmental funds are those through which most School District functions are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related liabilities, except those accounted for in the proprietary fund and fiduciary funds, are accounted for through the governmental funds. The measurement focus is upon determination of changes in financial resources rather than upon determination of net income. The following are the School District's major governmental funds:

***General Fund*** - The general fund is the primary 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.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)**

**General Fund (Cont'd)** - 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, ad valorem tax revenues, 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.

In addition to the capital outlay sub-fund, the School District is accountable for an additional sub-fund, the Education Jobs Fund ("Ed Jobs"), resulting from federal legislation signed into law on August 10, 2010. The Ed Jobs program was created to provide funding assistance to states in order to save or create education jobs for the 2010-2011 school year, through September 30, 2012. Jobs funded under this program include those that provide educational and related services for early childhood, elementary, and secondary education. Ed Jobs revenues and expenditures are recorded in the general fund (fund 18) on a reimbursement basis. As such, revenue is not included in the fiscal year surplus, and no portion of general fund balance at June 30, 2013 is considered to be attributable to Ed Jobs. Ed Jobs expenditures during the fiscal year ended June 30, 2013 are included as a component of overall general fund expenditures, and also are included in total general fund expenditures for purposes of the excess surplus calculation.

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

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

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

**Proprietary Funds**

Proprietary funds are used to account for the School District's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All of the items not meeting this definition are reported as nonoperating revenues and expenses.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)****Fund Financial Statements (Cont'd)****Proprietary Funds (Cont'd)**

The School District maintains the following enterprise funds:

***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.

**Fiduciary Funds**

Fiduciary funds are used to account for assets held by the School District on behalf of outside related organizations or on behalf of other funds within the School District. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The School District maintains the following fiduciary funds:

***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). The School District retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District maintains the following agency funds: student activity fund and payroll fund.

***Private-Purpose Trust Funds*** - Private-purpose trust funds are used to account for the principal and income for all other trust arrangements that benefit individuals, private organizations, or other governments. The School District maintains the following private-purpose trust fund:

**New Jersey Unemployment Compensation Insurance Trust Fund** - Revenues consist of contributions that have been included in the annual budget of the School District, employee payroll withholdings, and interest income. Expenditures represent claims incurred for unemployment.

**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.

**Modified Accrual**

Under the modified accrual basis, revenues are recognized in the accounting period in which they become susceptible to accrual, i.e. both available and measurable. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)****Basis of Accounting (Cont'd)**

**Modified Accrual (cont'd)** – Significant revenues susceptible to accrual include ad valorem taxes, reimbursable-type grants, and interest on investments. The School District considers all revenues, with the exception of the expenditure-driven grants, as available if they are collected within sixty (60) days after fiscal year-end. The expenditure driven grants are considered available if received within one fiscal year from the balance sheet date. Property tax revenue is recognized when taxes are received, except at fiscal year-end when revenue is recognized for taxes received by the School District within sixty (60) days subsequent to fiscal year end. Expenditures are recognized in the accounting period in which the liability is incurred. However, exceptions include the amount of unmatured principal and interest on general long-term debt, compensated absences, claims and judgments and certain prepaid expenses which are recognized when due / paid.

In applying the susceptible to accrual concept to revenues from federal and state sources, the legal contractual requirements of the numerous individual programs are used as guidance. Revenue from grants and entitlements is recognized when all eligibility requirements have been satisfied. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before the School District will receive any amounts; therefore, revenues are recognized based on the occurrence of expenditures. In the other type, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed legal and contractual requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. In cases where monies are received and all eligibility requirements, including timing, have been satisfied, but the occurrence of expenditure has yet to happen, amounts are reported as unearned revenue. Conversely, where monies are received but eligibility requirements, including timing, have yet to be satisfied, such amounts are reported as deferred inflows of resources.

**Accrual**

Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred.

**Revenue Recognition**

***Property Taxes*** - 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".

When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, and then unrestricted resources as they are needed.

**Budgets / Budgetary Control**

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds, and are submitted to the county office. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012, to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. 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.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Budgets / Budgetary Control (Cont'd)**

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 year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only, and the special revenue fund. 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 bill provides legal authority for school districts to recognize this revenue in the current budget year. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

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 the modified accrual basis of accounting, with the exception of the aforementioned revenue recognition policy for the one or more June state aid payments.

**Encumbrances**

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

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected on the balance sheet as unearned 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.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Cash, Cash Equivalents and Investments**

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

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

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

**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 the governmental fund financial statements 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 expenses when consumed rather than when purchased.

**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.

**Prepaid Expenses**

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Short-Term Interfund Receivables / Payables**

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the School District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position.

**Capital Assets**

Capital assets represent the cumulative amount of capital assets owned by the School District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at fair market value at the time received.

The School District's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. The School District does not possess any infrastructure assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	3 - 15 Years
Motor Vehicles	5 - 10 Years
Audio / Video Materials and Software	3 - 5 Years
Buildings and Improvements	15 - 50 Years
Land Improvements	15 Years

**Deferred Loss on Refunding of Debt**

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

**Tuition Payable**

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

**Unearned Revenue**

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

**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, 2013, the amounts earned by these employees were disbursed to the employees' own individual accounts.

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

Compensated absences are payments to employees for accumulated time such as paid vacation, paid holidays, sick pay, and sabbatical leave. A liability for compensated absences that is 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 School District uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. An expenditure is recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

**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 governmental fund financial statements when due.

**Bond Discounts / Premiums**

Bond discounts / premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in systematic and rational method, as a component of interest expense. Bond discounts / premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position and on the proprietary fund statement of net position.

**Net Position**

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

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

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

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

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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

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

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

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

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

***Assigned*** - The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position, approved by the Board of Education.

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

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

**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.

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

**Impact of Recently Issued Accounting Principles****Recently Issued and Adopted Accounting Pronouncements**

In November 2010, the GASB issued Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*. GASBS 60 provides financial reporting guidance for service concession arrangements (SCAs). SCAs are defined as an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This Statement is effective for periods beginning after December 15, 2011. The School District does not have any SCAs and therefore the adoption of GASBS 60 does not have any impact on the School District's financial statements.

In November 2010, the GASB issued Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASBS 61 provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. This Statement is effective for periods beginning after June 15, 2012. The School District elected to early implement GASBS 61 effective for fiscal year 2013. The adoption of GASBS 61, however, does not have any impact on the School District's financial statements.

In December 2010, the GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASBS 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This Statement is effective for periods beginning after December 15, 2011. The adoption of GASBS 62 does not have any impact on the School District's financial statements.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASBS 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets has been renamed the statement of net position and includes four components: assets, deferred outflows of resources, liabilities, and deferred inflows of resources. This Statement is effective for financial statements for periods beginning after December 15, 2011. The adoption of GASBS 63, however, does not have a material impact on the School District's financial statements.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASBS 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement is effective for periods beginning after December 15, 2012. The School District elected to early implement GASBS 65 effective for fiscal year 2013. The adoption of GASBS 65 did not materially affect the classification of several balances on the statement of net position.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued Accounting Pronouncements**

In March 2012, the GASB issued Statement 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*. GASBS 66 is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement 62 and Statements No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. This Statement is effective for periods beginning after December 15, 2012. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements although no impact is expected.

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. GASBS 67 is to improve the usefulness of pension information included in the general purpose external financial reports (financial reports) of state and local governmental pension plans for making decisions and assessing accountability. This Statement is effective for periods beginning after June 15, 2013. The School District does not administer any state or local pension plans; therefore, the adoption of GASBS 67 will not have any impact on the School District's financial statements.

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. GASBS 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. In addition, this Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement is effective for periods beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements and expects the impact to be material.

In January 2013, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*. GASBS 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement is effective for periods beginning after December 15, 2013. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements although no impact is expected.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued Accounting Pronouncements (Cont'd)**

In April 2013, the GASB issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. GASBS 70 is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. This Statement is effective for periods beginning after June 15, 2013. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements although no impact is expected.

**Note 2: CASH AND CASH EQUIVALENTS**

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

As of June 30, 2013, the School District's bank balances of \$10,082,424.73 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 178,530.52
Insured	848,492.58
Collateralized by securities held by the pledging financial institution's trust department or agent but not in the depositor- government's name	9,055,401.63
	\$ 10,082,424.73

**Note 3: CAPITAL RESERVE ACCOUNT**

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

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

Beginning Balance, July 1, 2012		\$ 1,874,633.77
Increased by:		
Budgeted Increase in Capital Reserve	\$ 500,000.00	
Transfer per June 17, 2013 Resolution	500,000.00	
Interest Earnings	<u>4,238.65</u>	
		<u>1,004,238.65</u>
		2,878,872.42
Decreased by:		
Withdrawals		<u>34,930.00</u>
Ending Balance, June 30, 2013		<u><u>\$ 2,843,942.42</u></u>

The LRFP balance of local support costs of uncompleted projects at June 30, 2013 is \$3,099,444.69.

**Note 4: TRANSFERS TO CAPITAL OUTLAY**

During the fiscal year ended June 30, 2013, the District transferred \$193,074.00 to the capital outlay accounts. \$34,930.00 of the transfer was made from the capital reserve account for architectural services. \$158,144.00 was transferred from current expense budget accounts for the purchase of equipment.

**Note 5: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2013 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.

**Note 5: ACCOUNTS RECEIVABLE (CONT'D)**

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

<u>Description</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Food Service Fund</u>	<u>Other Enterprise Fund</u>	<u>Total</u>
Intergovernmental	\$ 372,294.31	\$ 474,303.55	\$ 40,352.95	\$ 68,393.67		\$ 955,344.48
Other	194,118.33	600.00		5,593.95	\$ 421.51	200,733.79
	<u>\$ 566,412.64</u>	<u>\$ 474,903.55</u>	<u>\$ 40,352.95</u>	<u>\$ 73,987.62</u>	<u>\$ 421.51</u>	<u>\$ 1,156,078.27</u>

**Note 6: INVENTORY**

Inventory recorded at June 30, 2013 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$ 10,469.58
Supplies	<u>5,482.30</u>
	<u>\$ 15,951.88</u>

**Note 7: CAPITAL ASSETS**

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

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2013</u>
<b>Governmental Activities:</b>				
Capital Assets, not being Depreciated:				
Land	\$ 3,471,768.96	-	-	\$ 3,471,768.96
Capital Assets, being Depreciated:				
Furniture, Fixtures and Equipment	1,269,808.57	\$ 80,942.99		1,350,751.56
Buildings and Improvements	52,870,364.55	173,032.00		53,043,396.55
Land Improvements	128,336.99			128,336.99
Total Capital Assets, being Depreciated	54,268,510.11	253,974.99	-	54,522,485.10
Total Capital Assets, Cost	57,740,279.07	253,974.99	-	57,994,254.06
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(928,645.05)	(112,944.45)		(1,041,589.50)
Buildings and Improvements	(22,858,544.75)	(1,700,686.89)		(24,559,231.64)
Land Improvements	(54,781.00)	(6,910.70)		(61,691.70)
Total Accumulated Depreciation	(23,841,970.80)	(1,820,542.04)	-	(25,662,512.84)
Total Capital Assets, being Depreciated, Net	30,426,539.31	(1,566,567.05)	-	28,859,972.26
Governmental Activities Capital Assets, Net	<u>\$ 33,898,308.27</u>	<u>\$ (1,566,567.05)</u>	-	<u>\$ 32,331,741.22</u>

**Note 7: CAPITAL ASSETS (CONT'D)**

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2013</u>
<b>Business-Type Activities:</b>				
Capital Assets, being Depreciated:				
Furniture, Fixtures and Equipment	\$ 552,809.90	\$ 16,232.00		\$ 569,041.90
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(456,666.25)	(17,583.38)		(474,249.63)
Business-Type Activities Capital Assets, Net	<u>\$ 96,143.65</u>	<u>\$ (1,351.38)</u>	<u>-</u>	<u>\$ 94,792.27</u>

Depreciation expense was charged to functions / programs of the School District as follows:

<b>Governmental Activities:</b>		
Instruction		\$ 1,717,633.22
Support Service Instructional Staff		7,823.26
General and Business Administrative Services		24,158.50
School Administration		16,417.41
Plant Operations and Maintenance		50,067.12
Unallocated		<u>4,442.53</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 1,820,542.04</u>

**Note 8: LONG-TERM LIABILITIES**

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

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2013</u>	<u>Due within One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 7,593,000.00		\$(1,579,000.00)	\$ 6,014,000.00	\$ 1,559,000.00
Adjusted by:					
Bond Premiums	273,680.00		(42,637.15)	231,042.85	42,637.15
Total Bonds Payable	<u>7,866,680.00</u>	<u>-</u>	<u>(1,621,637.15)</u>	<u>6,245,042.85</u>	<u>1,601,637.15</u>
Other Liabilities:					
Obligations under Capital Lease	7,994.99		(3,416.45)	4,578.54	3,634.30
Compensated Absences	1,569,129.54	\$101,134.49		1,670,264.03	23,860.00
Total Other Liabilities	<u>1,577,124.53</u>	<u>101,134.49</u>	<u>(3,416.45)</u>	<u>1,674,842.57</u>	<u>27,494.30</u>
Governmental Activity Long-Term Liabilities	<u>\$ 9,443,804.53</u>	<u>\$101,134.49</u>	<u>\$(1,625,053.60)</u>	<u>\$ 7,919,885.42</u>	<u>\$ 1,629,131.45</u>

The bonds payable are generally liquidated by the debt service fund, while obligations under capital lease and compensated absences are liquidated by the general fund.

**Note 8: LONG-TERM LIABILITIES (CONT'D)**

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due within</u> <u>One Year</u>
<b>Business-Type Activities:</b>					
Other Liabilities:					
Compensated Absences Payable	\$ 126,364.95	-	\$ (565.16)	\$ 125,799.79	-

**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 January 15, 2005 the School District issued \$12,825,000.00 of Refunding Bonds at interest rates varying from 2.70% to 5.00% to advance refund all of the outstanding and callable School Bonds, Series 1998. The final maturity of these bonds is February 1, 2016. The bonds will be paid from state aid and property taxes.

On July 1, 2009 the School District issued \$2,366,000.00 of School Bonds at interest rates varying from 4.625 to 4.75% to fund the cost of various capital improvements. The final maturity of these bonds is March 1, 2024. The bonds will be paid from state aid and property taxes.

Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,554,000.00	127,647.50	1,681,647.50
2017	169,000.00	64,220.00	233,220.00
2018	169,000.00	56,192.50	225,192.50
2019-2023	845,000.00	160,550.00	1,005,550.00
2024-2028	169,000.00	8,027.50	177,027.50
	<u>\$ 6,014,000.00</u>	<u>\$ 856,495.00</u>	<u>\$ 6,870,495.00</u>

**Bonds Authorized but not Issued** - As of June 30, 2013, the School District had no authorizations to issue additional bonded debt.

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

**Obligation under Capital Lease** - The School District is leasing copiers totaling \$16,370.64 under one capital lease. The capital lease is for a term of five years. The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2013.

**Note 8: LONG-TERM LIABILITIES (CONT'D)**

<b>Fiscal Year</b> <b><u>Ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2014	\$ 3,634.30	\$ 181.70	\$3,816.00
2015	<u>944.24</u>	<u>9.76</u>	<u>954.00</u>
	<u>\$ 4,578.54</u>	<u>\$ 191.46</u>	<u>\$4,770.00</u>

**Note 9: OPERATING LEASES**

At June 30, 2013, the School District had operating lease agreements in effect for copy machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<b>Fiscal Year</b> <b><u>Ending June 30,</u></b>	<b><u>Amount</u></b>
2014	\$ 233,275.08
2015	226,098.48
2016	<u>103,014.00</u>
	<u>\$ 562,387.56</u>

Rental payments under operating leases for the fiscal year ended June 30, 2013 were \$234,710.40.

**Note 10: 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 plan is administered by Prudential Financial for 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.

**Note 10: PENSION PLANS (CONT'D)**

**Teachers' Pension and Annuity Fund (Cont'd)** - 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. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase will be phased-in over seven years, which began July 1, 2012. 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, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 6.5% plus an additional 1.0% phased-in over seven years. The phase-in of the additional incremental member contribution amount began July 1, 2012 and increases each subsequent July 1. 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, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

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

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Regular Pension Contributions</u>	<u>Non-Contributory Group Life Insurance</u>	<u>Paid by School District</u>
2013	\$ 194,579.00	\$ 465,243.00	\$ 659,822.00	\$ 39,271.00	\$ 699,093.00
2012	233,832.00	467,664.00	701,496.00	44,694.00	746,190.00
2011	245,620.00	391,380.00	637,000.00	48,380.00	685,380.00

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

**Note 10: PENSION PLANS (CONT'D)**

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

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

<u>Fiscal Year</u>	<u>Total Liability</u>	<u>Paid by School District</u>
2013	\$ 16,848.91	\$ 16,848.91
2012	11,633.66	11,633.66
2011	-	-

**Note 11: STATE POST-RETIREMENT MEDICAL 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, 2012, there were 97,661 retirees receiving 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 \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in fiscal year 2012.

**Note 12: ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2013, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF. The amounts recognized as revenues and expenditures for normal costs and post-retirement medical costs were \$1,494,475.00 and \$1,689,874.00, respectively.

**Note 13: 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 its insurance coverage for property, and liability through the School Alliance Insurance Fund and its' surety bonds through a commercial insurance company. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**Note 13: 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 the activity of the School District's private-purpose trust fund for the unemployment claims for the current and previous two fiscal years:

<b><u>Fiscal Year</u></b> <b><u>Ended June 30.</u></b>	<b><u>School</u></b> <b><u>District</u></b> <b><u>Contributions</u></b>	<b><u>Employee</u></b> <b><u>Contributions</u></b>	<b><u>Interest</u></b> <b><u>Income</u></b>	<b><u>Claims</u></b> <b><u>Incurred</u></b>	<b><u>Ending</u></b> <b><u>Balance</u></b>
2013	\$ 36,754.24	\$ 52,301.36	\$ 119.17	\$ 45,798.13	\$ 115,817.63
2012	107,278.28	51,389.59	62.62	107,278.28	72,440.99
2011	269,348.61	48,203.61	1,659.43	405,871.94	20,988.78

**Joint Insurance Fund** - The School District is a member of the School Alliance Insurance Fund. The Fund provides its members with the following coverage:

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

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

The Fund provides the School District with the following coverage:

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

Contributions to the Fund, are payable in an annual premium and is based on actuarial assumptions determined by the Fund's actuary. The School District's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through various other insurance alternatives.

The Fund publishes its own financial report for the fiscal year ended June 30, 2013 which can be obtained from:

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

**Note 14: 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 15: 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 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. At June 30, 2013, the liability for compensated absences reported on the government-wide statement of net position and on the proprietary fund statement of net position was \$1,670,264.03 and \$125,799.79, respectively.

**Note 16: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of June 30, 2013 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$515,551.01	\$ 5,676.07
Special Revenue		366,189.02
Enterprise Funds	9,462.09	153,291.91
Fiduciary	<u>58,055.67</u>	<u>57,911.77</u>
	<u>\$583,068.77</u>	<u>\$583,068.77</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2014, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

**Note 16: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONT'D)**

Interfund Transfers:

	<b>Transfer In:</b>			
	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Enterprise Funds</b>	<b>Fiduciary Fund</b>
<b><u>Transfer Out:</u></b>				
General Fund	\$ (59,132.16)	\$272,203.39	\$ (13,460.18)	
Special Revenue Fund	(272,203.39)			
Fiduciary				\$ 59,132.16
Enterprise Funds	<u>13,460.18</u>			
Total Transfers	<u>\$ (317,875.37)</u>	<u>\$272,203.39</u>	<u>\$ (13,460.18)</u>	<u>\$ 59,132.16</u>

**Note 17: DEFICIT FUND BALANCES**

The School District has a deficit fund balance of \$10,230.00 in the special revenue fund as of June 30, 2013 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as 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.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned special revenue fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$10,230.00 is equal to the June state aid payments.

**Note 18: DEFICIT UNRESTRICTED NET ASSETS**

The Governmental Funds had a deficit in unrestricted net assets of \$439,512.46 as of June 30, 2013. This deficit in is attributable to the allocation of compensated absences balances payable.

**Note 19: FUND BALANCES****NONSPENDABLE**

As stated in note 1, the nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The District did not have any nonspendable fund balances as of June 30, 2013.

**Note 19: FUND BALANCES (CONT'D)****RESTRICTED**

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

**General Fund -**

**For Excess Surplus** - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2013 is \$601,139.35. Additionally, \$2,770,192.10 of excess fund balance generated during 2011-2012 has been restricted and designated for utilization in the 2013-2014 budget.

**For Capital Reserve Account** - As of June 30, 2013, the balance in the capital reserve account is \$2,843,942.42. Of this amount \$2,052,500.00 has been appropriated as an item of revenue in the fiscal 2013-14 Budget. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

**For Maintenance Reserve Account** - As of June 30, 2013, the balance in the maintenance reserve account is \$300,222.68. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

**For Emergency Reserve** - As of June 30, 2013, the balance in the emergency reserve is \$314,216.52. 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). The balance of the reserve is not permitted to exceed \$250,000.00, or one percent (1%) of the School District's general fund budget up to a maximum of \$1,000,000.00, whichever is greater. Deposits may be made to the emergency reserve account at budget time, or by board resolution at year end of any unanticipated revenue or unexpended line item appropriation, or both. Withdrawals from the emergency reserve require approval by the Commissioner.

**Capital Projects Fund** - On July 1, 2009, the School District issued \$2,366,000.00 of general obligation bonds pursuant to Chapter 24 of Title 18A of the New Jersey Statutes, as amended and supplemented ("School Bond Law"). The Bonds were authorized by a proposal adopted by the Board and approved by the voters of the School District at a special election held on April 21, 2009. The bond issuance was approved by the voters for installation of solar panels at the Galloway Township Middle School. In addition, the district authorized several other projects for various purposes funded by School Development Authority grants and local funds. As of June 30, 2013, the restricted fund balance amount was \$1,108,933.43.

**Debt Service Fund** - As of June 30, 2013 the Debt Service Fund had \$169,000.00 of restricted fund balance which has been designated for utilization in the 2013-2014 budget.

**Note 19: FUND BALANCES (CONT'D)****ASSIGNED**

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

**General Fund -**

**For Subsequent Year's Expenditures** - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2014 \$750,029.90 of general fund balance at June 30, 2013.

**Other Purposes** - As of June 30, 2013, the School District had \$168,092.26 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

**UNASSIGNED**

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

**General Fund** - As of June 30, 2013, \$1,072,889.31 of general fund balance was unassigned.

**Special Revenue Fund** - As of June 30, 2013, the fund balance of the special revenue fund was a deficit of \$10,230.00, thus resulting in the fund balance classification of unassigned. The deficit is a result from a delay in the payment of state aid until the following fiscal year. As stated in note 20, 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. The unassigned deficit on the GAAP financial statements of, \$10,230.00 is equal to the last state aid payment.

**Note 20: 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.

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, 2013

REVENUES:	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>Local Sources:</b>					
Local Tax Levy	\$ 27,975,500.00		\$ 27,975,500.00	\$ 27,975,500.00	\$ 184,037.85
Tuition			500.00	4,238.65	3,738.65
Interest Earned on Capital Reserve Funds	500.00		500.00	201.85	201.85
Interest Earned on Maintenance Reserve Funds				554.58	554.58
Interest Earned on Emergency Reserve Funds					(17,311.79)
Unrestricted Miscellaneous Revenues	225,000.00		225,000.00	207,688.21	(17,311.79)
<b>Total - Local Sources</b>	<b>28,201,000.00</b>	<b>-</b>	<b>28,201,000.00</b>	<b>28,372,221.14</b>	<b>171,221.14</b>
<b>State Sources:</b>					
Special Education Aid	1,954,007.00		1,954,007.00	1,954,007.00	
Equalization Aid	20,280,900.00		20,280,900.00	20,280,900.00	
Security Aid	706,428.00		706,428.00	706,428.00	
Transportation Aid	329,717.00		329,717.00	329,717.00	
Extraordinary Aid	300,000.00		300,000.00	237,268.00	(62,732.00)
Non-Public Transportation Aid				43,674.00	43,674.00
Reimbursed T.P.A.F. Pension Contributions (non-budgeted)				1,494,475.00	1,494,475.00
Reimbursed T.P.A.F. Medical Contributions (non-budgeted)				1,689,874.00	1,689,874.00
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				1,798,791.53	1,798,791.53
<b>Total - State Sources</b>	<b>23,571,052.00</b>	<b>-</b>	<b>23,571,052.00</b>	<b>28,535,134.53</b>	<b>4,964,082.53</b>
<b>Federal Sources:</b>					
Medicaid Initiative Reimbursement	64,125.00		64,125.00	70,470.21	6,345.21
Medicaid Administration Claiming Aid				11,428.49	11,428.49
Education Jobs Fund		\$ 2,045.00	2,045.00	2,045.00	
<b>Total - Federal Sources</b>	<b>64,125.00</b>	<b>2,045.00</b>	<b>66,170.00</b>	<b>83,943.70</b>	<b>17,773.70</b>
<b>Total Revenues</b>	<b>51,836,177.00</b>	<b>2,045.00</b>	<b>51,838,222.00</b>	<b>56,991,299.37</b>	<b>5,153,077.37</b>

(Continued)

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Local Contribution - Trans to Special Rev. - Inclusion	\$ 10,176.00	\$ (10,176.00)	\$	\$	\$
Kindergarten	1,283,431.00	12,000.00	1,295,431.00	1,268,517.20	26,913.80
Grades 1-5	7,882,653.00	(231,500.00)	7,651,153.00	7,569,466.52	81,686.48
Grades 6-8	4,447,112.00	59,500.00	4,506,612.00	4,453,998.69	52,613.31
Regular Programs - Home Instruction:					
Salaries of Teachers	85,000.00		85,000.00	34,694.25	50,305.75
Purchased Professional - Educational Services	5,326.24		5,326.24	2,631.09	2,695.15
Other Salaries for Instruction	392,265.00	(51,600.32)	340,664.68	309,033.30	31,631.38
Purchased Professional - Educational Services	9,025.00		9,025.00	8,485.00	540.00
Other Purchased Services	249,136.00		249,136.00	229,559.03	19,576.97
General Supplies	956,163.43	(117,500.00)	838,663.43	711,894.05	126,769.38
Textbooks	109,472.00	117,500.00	226,972.00	213,191.85	13,780.15
Other Objects	1,500.00		1,500.00	882.50	617.50
<b>Total Regular Programs- Instruction</b>	<b>15,431,259.67</b>	<b>(221,776.32)</b>	<b>15,209,483.35</b>	<b>14,802,353.48</b>	<b>407,129.87</b>
Learning and / or Language Disabilities:					
Salaries of Teachers	804,245.00	97,500.00	901,745.00	856,165.52	45,579.48
Other Salaries for Instruction	478,034.00	39,200.00	517,234.00	499,794.24	17,439.76
General Supplies	17,500.00		17,500.00	16,807.63	692.37
Textbooks	4,000.00		4,000.00	3,929.79	70.21
<b>Total Learning and / or Language Disabilities</b>	<b>1,303,779.00</b>	<b>136,700.00</b>	<b>1,440,479.00</b>	<b>1,376,697.18</b>	<b>63,781.82</b>

(Continued)

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Special Education - Instruction (Cont'd):					
Behavioral Disabilities:					
Salaries of Teachers	\$ 165,017.00	\$	\$ 165,017.00	\$ 162,157.00	\$ 2,860.00
Other Salaries for Instruction	69,579.00	58,100.00	127,679.00	108,031.32	19,647.68
General Supplies	3,925.00		3,925.00	3,817.39	107.61
Textbooks	1,500.00		1,500.00	1,327.40	172.60
Other Objects	500.00		500.00		500.00
<b>Total Behavioral Disabilities</b>	<b>240,521.00</b>	<b>58,100.00</b>	<b>298,621.00</b>	<b>275,333.11</b>	<b>23,287.89</b>
Multiple Disabilities:					
Salaries of Teachers	180,683.00	18,000.00	198,683.00	198,294.00	389.00
Other Salaries for Instruction	103,128.00		103,128.00	103,126.80	1.20
General Supplies	4,925.00	3,161.00	8,086.00	7,785.45	300.55
Textbooks	4,250.00	(1,161.00)	3,089.00	2,674.95	414.05
Other Objects	400.00		400.00		400.00
<b>Total Multiple Disabilities</b>	<b>293,386.00</b>	<b>20,000.00</b>	<b>313,386.00</b>	<b>311,881.20</b>	<b>1,504.80</b>
Resource Room / Resource Center:					
Salaries of Teachers	3,460,036.00	49,500.00	3,509,536.00	3,452,132.34	57,403.66
Other Salaries for Instruction	50,588.00	36,500.00	87,088.00	71,038.80	16,049.20
General Supplies	20,900.00	(2,000.00)	18,900.00	8,544.30	10,355.70
Textbooks	4,000.00		4,000.00	527.64	3,472.36
<b>Total Resource Room / Resource Center</b>	<b>3,535,524.00</b>	<b>84,000.00</b>	<b>3,619,524.00</b>	<b>3,532,243.08</b>	<b>87,280.92</b>
Preschool Disabilities - Full Time:					
Salaries of Teachers	373,306.00		373,306.00	301,272.93	72,033.07
Other Salaries for Instruction	457,740.00	(66,000.00)	391,740.00	376,225.79	15,514.21
General Supplies	3,600.00		3,600.00	2,940.20	659.80
<b>Total Preschool Disabilities - Full Time</b>	<b>834,646.00</b>	<b>(66,000.00)</b>	<b>768,646.00</b>	<b>680,438.92</b>	<b>88,207.08</b>
<b>Total Special Education - Instruction</b>	<b>6,207,856.00</b>	<b>232,800.00</b>	<b>6,440,656.00</b>	<b>6,176,593.49</b>	<b>264,062.51</b>

(Continued)

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**

Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Basic Skills / Remedial - Instruction:					
Salaries of Teachers	\$ 930,284.00	\$ 171,000.00	\$ 1,101,284.00	\$ 1,047,733.08	\$ 53,550.92
General Supplies	21,000.00		21,000.00	5,853.50	15,146.50
<b>Total Basic Skills / Remedial - Instruction</b>	<b>951,284.00</b>	<b>171,000.00</b>	<b>1,122,284.00</b>	<b>1,053,586.58</b>	<b>68,697.42</b>
Bilingual Education - Instruction:					
Salaries of Teachers	577,289.00	21,000.00	598,289.00	592,139.02	6,149.98
General Supplies	3,050.00		3,050.00	2,150.81	899.19
Textbooks	1,500.00		1,500.00		1,500.00
<b>Total Bilingual Education - Instruction</b>	<b>581,839.00</b>	<b>21,000.00</b>	<b>602,839.00</b>	<b>594,289.83</b>	<b>8,549.17</b>
School Sponsored Co-curricular Activities - Instruction:					
Salaries	42,670.00		42,670.00	41,803.00	867.00
Supplies and Materials	7,450.00		7,450.00	2,453.52	4,996.48
<b>Total School Sponsored Co-curricular Activities - Instruction</b>	<b>50,120.00</b>	<b>-</b>	<b>50,120.00</b>	<b>44,256.52</b>	<b>5,863.48</b>
School Sponsored Athletics - Instruction:					
Salaries	27,370.00		27,370.00	27,370.00	
Purchased Services	5,525.00	366.25	5,891.25	5,871.25	20.00
Supplies and Materials	6,695.00	(366.25)	6,328.75	5,888.12	440.63
<b>Total School Sponsored Athletics - Instruction</b>	<b>39,590.00</b>	<b>-</b>	<b>39,590.00</b>	<b>39,129.37</b>	<b>460.63</b>
<b>Total Instruction</b>	<b>23,261,948.67</b>	<b>203,023.68</b>	<b>23,464,972.35</b>	<b>22,710,209.27</b>	<b>754,763.08</b>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**

Required Supplementary Information  
Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 12,000.00	\$ 25,750.00	\$ 37,750.00	\$ 36,239.74	\$ 1,510.26
Tuition to CSSD and Regional Day Schools	843,104.00	(25,750.00)	817,354.00	643,477.20	173,876.80
Tuition to Private Schools for the Disabled - Within State	456,047.00		456,047.00	393,784.61	62,262.39
<b>Total Undistributed Expenditures - Instruction</b>	<b>1,311,151.00</b>	<b>-</b>	<b>1,311,151.00</b>	<b>1,073,501.55</b>	<b>237,649.45</b>
Undistributed Expenditures - Attendance and Social Work:					
Salaries	23,281.00		23,281.00	13,601.57	9,679.43
Other Purchased Services	2,500.00		2,500.00	1,627.81	872.19
Supplies and Materials	2,800.00		2,800.00	2,211.00	589.00
<b>Total Undistributed Expenditures - Attendance and Social Work</b>	<b>28,581.00</b>	<b>-</b>	<b>28,581.00</b>	<b>17,440.38</b>	<b>11,140.62</b>
Undistributed Expenditures - Health Services:					
Salaries	559,815.00		559,815.00	535,682.82	24,132.18
Purchased Professional and Technical Services	19,480.00		19,480.00	14,007.50	5,472.50
Other Purchased Services	900.00		900.00	56.12	843.88
Supplies and Materials	17,255.00		17,255.00	5,296.52	11,958.48
<b>Total Undistributed Expenditures - Health Services</b>	<b>597,450.00</b>	<b>-</b>	<b>597,450.00</b>	<b>555,042.96</b>	<b>42,407.04</b>
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	590,937.00		590,937.00	544,944.51	45,992.49
Purchased Professional - Educational Services	143,500.00	(15,000.00)	128,500.00	92,447.09	36,052.91
Supplies and Materials	10,691.00		10,691.00	4,918.60	5,772.40
<b>Total Undistributed Expenditures - Other Support Services - Students - Related Services</b>	<b>745,128.00</b>	<b>(15,000.00)</b>	<b>730,128.00</b>	<b>642,310.20</b>	<b>87,817.80</b>

(Continued)

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Other Support Services -					
Students - Extra Services:					
Salaries	\$ 480,216.00	\$ 57,700.00	\$ 537,916.00	\$ 512,235.10	\$ 25,680.90
Supplies and Materials	32,500.00	(8,144.00)	24,356.00	7,504.12	16,851.88
<b>Total Undistributed Expenditures - Other Support Services -</b>	<b>512,716.00</b>	<b>49,556.00</b>	<b>562,272.00</b>	<b>519,739.22</b>	<b>42,532.78</b>
Students - Extra Services					
Undistributed Expenditures - Other Support Services -					
Students - Regular:					
Salaries of Other Professional Staff	593,606.00		593,606.00	562,333.82	31,272.18
Other Purchased Professional and Technical Services	11,000.00		11,000.00	43.56	10,956.44
Other Purchased Services (400-500 series)	3,200.00		3,200.00	774.90	2,425.10
Supplies and Materials	20,360.00		20,360.00	5,346.00	15,014.00
Other Objects	850.00		850.00		850.00
<b>Total Undistributed Expenditures - Other Support Services -</b>	<b>629,016.00</b>	<b>-</b>	<b>629,016.00</b>	<b>568,498.28</b>	<b>60,517.72</b>
Students - Regular					
Undistributed Expenditures - Other Support Services -					
Students - Special:					
Salaries of Other Professional Staff	1,179,280.00	15,000.00	1,194,280.00	1,168,386.62	25,893.38
Salaries of Secretarial and Clerical Assistants	123,424.00		123,424.00	116,352.42	7,071.58
Purchased Professional - Educational Services	10,000.00	(5,827.00)	4,173.00	4,172.46	0.54
Other Purchased Professional and Technical Services	64,500.00	5,827.00	70,327.00	66,384.34	3,942.66
Miscellaneous Purchased Services	15,220.00		15,220.00	6,010.10	9,209.90
Supplies and Materials	16,553.00		16,553.00	11,055.70	5,497.30
Other Objects	1,800.00		1,800.00	1,067.00	733.00
<b>Total Undistributed Expenditures - Other Support Services -</b>	<b>1,410,777.00</b>	<b>15,000.00</b>	<b>1,425,777.00</b>	<b>1,373,428.64</b>	<b>52,348.36</b>
Students - Special:					

(Continued)

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**

Required Supplementary Information  
Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Other Professional Staff	\$ 225,290.00	\$	225,290.00	220,043.55	\$ 5,246.45
Salaries of Secretarial and Clerical Assistants	97,301.00		97,301.00	94,014.24	3,286.76
Salaries of Facilitators, Math & Literacy Coaches	76,925.00		76,925.00	76,925.00	
Purchased Prof- Education Services	15,624.00		15,624.00	13,834.73	1,789.27
Other Purchased Services (400-500)	500.00		500.00	492.03	7.97
Supplies and Materials	284,681.00		284,681.00	228,797.89	55,883.11
Other Objects	16,721.00		16,721.00	12,924.08	3,796.92
<b>Total Undistributed Expenditures - Improvement of Instruction Services</b>	<b>717,042.00</b>	<b>-</b>	<b>717,042.00</b>	<b>647,031.52</b>	<b>70,010.48</b>
Undistributed Expenditures - Educational Media Services / School Library:					
Salaries	474,409.00		474,409.00	473,106.29	1,302.71
Purchased Professional and Technical Services	14,500.00		14,500.00	3,992.75	10,507.25
Other Purchased Services (400-500 series)	10,590.00		10,590.00	1,273.34	9,316.66
Supplies and Materials	41,140.00		41,140.00	33,143.31	7,996.69
<b>Total Undistributed Expenditures - Educational Media Services / School Library</b>	<b>540,639.00</b>	<b>-</b>	<b>540,639.00</b>	<b>511,515.69</b>	<b>29,123.31</b>
Undistributed Expenditures - Instructional Staff Training Services:					
Salaries of Other Professional Staff	82,847.00	\$ 1,000.00	83,847.00	83,791.61	55.39
Purchased Professional - Educational Services	5,000.00	(1,000.00)	4,000.00		4,000.00
Other Purchased Services (400-500 series)	9,700.00		9,700.00	2,154.71	7,545.29
Supplies and Materials	7,000.00		7,000.00	814.17	6,185.83
Other Objects	20,000.00		20,000.00	11,671.25	8,328.75
<b>Total Undistributed Expenditures - Instructional Staff Training Services:</b>	<b>124,547.00</b>	<b>-</b>	<b>124,547.00</b>	<b>98,431.74</b>	<b>26,115.26</b>

(Continued)

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**

Required Supplementary Information  
Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Support Services - General Administration:					
Salaries	\$ 254,848.00	\$ 3,500.00	\$ 258,348.00	\$ 254,823.83	\$ 3,524.17
Legal Services	35,750.00		35,750.00	25,000.00	10,750.00
Audit Fees	46,000.00	(3,500.00)	42,500.00	40,200.00	2,300.00
Architectural/Engineering Services	50,000.00	45,000.00	95,000.00	22,490.00	72,510.00
Other Purchased Professional Services	35,110.00		35,110.00	25,781.00	9,329.00
Communications / Telephone	211,719.00	30,000.00	241,719.00	237,951.98	3,767.02
BOE Other Purchased Services	2,000.00		2,000.00	952.70	1,047.30
Other Purchased Services (400-500)	83,500.00		83,500.00	74,800.04	8,699.96
General Supplies	13,000.00	(1,410.00)	11,590.00	7,790.58	3,799.42
Miscellaneous Expenditures	2,565.00	1,410.00	3,975.00	3,971.00	4.00
BOE Membership Dues and Fees	23,000.00		23,000.00	22,930.95	69.05
<b>Total Undistributed Expenditures - Support Services - General Administration</b>	<b>757,492.00</b>	<b>75,000.00</b>	<b>832,492.00</b>	<b>716,692.08</b>	<b>115,799.92</b>
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals	1,178,950.00	800.00	1,179,750.00	1,179,645.60	104.40
Salaries of Secretarial and Clerical Assistants	536,857.00	6,200.00	543,057.00	532,736.63	10,320.37
Other Purchased Services (400-500 series)	19,020.00		19,020.00	14,528.88	4,491.12
Supplies and Materials	45,900.00		45,900.00	35,696.86	10,203.14
Other Objects	11,560.00		11,560.00	10,760.00	800.00
<b>Total Undistributed Expenditures - Support Services - School Administration</b>	<b>1,792,287.00</b>	<b>7,000.00</b>	<b>1,799,287.00</b>	<b>1,773,367.97</b>	<b>25,919.03</b>
Undistributed Expenditures - Central Services:					
Salaries	389,553.00	6,000.00	395,553.00	393,451.20	2,101.80
Purchased Technical Services	11,571.00		11,571.00	10,266.36	1,304.64
Miscellaneous Purchased Services (400-500 series)	22,250.00		22,250.00	8,783.63	13,466.37
Supplies and Materials	9,850.00		9,850.00	7,963.66	1,886.34
Miscellaneous Expenditures	3,360.00		3,360.00	2,495.00	865.00
<b>Total Undistributed Expenditures - Central Services</b>	<b>436,584.00</b>	<b>6,000.00</b>	<b>442,584.00</b>	<b>422,959.85</b>	<b>19,624.15</b>

(Continued)

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Administration of Information Technology:					
Salaries	\$ 393,787.00	\$ -	\$ 393,787.00	\$ 389,300.16	\$ 4,486.84
Purchased Technical Services	45,000.00		45,000.00	27,920.99	17,079.01
Other Purchased Services (400-500 series)	1,500.00		1,500.00	524.15	975.85
Supplies and Materials	2,500.00		2,500.00	152.00	2,348.00
Other Objects	2,000.00		2,000.00		2,000.00
<b>Total Undistributed Expenditures - Administration of Information Technology</b>	<b>444,787.00</b>	<b>-</b>	<b>444,787.00</b>	<b>417,897.30</b>	<b>26,889.70</b>
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	393,001.00		393,001.00	390,491.07	2,509.93
Cleaning, Repair and Maintenance Services	369,855.00		369,855.00	277,523.47	92,331.53
General Supplies	100,400.00		100,400.00	71,195.30	29,204.70
Other Objects	5,200.00		5,200.00	4,527.01	672.99
<b>Total Undistributed Expenditures - Required Maintenance for School Facilities</b>	<b>868,456.00</b>	<b>-</b>	<b>868,456.00</b>	<b>743,736.85</b>	<b>124,719.15</b>
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	1,289,502.00	\$ 42,500.00	1,332,002.00	1,293,712.00	38,290.00
Purchased Professional and Technical Services	1,500.00		1,500.00	1,195.00	305.00
Cleaning, Repair and Maintenance Services	83,029.00	(5,000.00)	78,029.00	60,809.45	17,219.55
Rental of Land and Buildings -- Other than Lease Purchase	5,000.00		5,000.00	5,000.00	
Other Purchased Property Services	118,400.00	(1,771.00)	116,629.00	105,846.69	10,782.31
Insurance	176,729.00	1,771.00	178,500.00	178,500.00	
General Supplies	123,492.96	6,500.00	129,992.96	124,308.17	5,684.79
Energy (Heat)	267,000.00	(65,205.00)	201,795.00	131,437.47	70,357.53
Energy (Electricity)	909,785.00	(27,500.00)	882,285.00	585,870.78	296,414.22
Energy (Gasoline)	29,750.00		29,750.00	19,088.32	10,661.68
Other Objects	6,000.00		6,000.00	4,844.34	1,155.66
<b>Total Undistributed Expenditures - Operation and Maintenance of Plant Services</b>	<b>3,010,187.96</b>	<b>(48,705.00)</b>	<b>2,961,482.96</b>	<b>2,510,612.22</b>	<b>450,870.74</b>

(Continued)

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**

Required Supplementary Information  
Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Care & Upkeep of Grounds	\$ 23,793.00	\$ 500.00	\$ 24,293.00	\$ 24,092.16	\$ 200.84
Salaries	82,900.00	35,500.00	118,400.00	107,660.00	10,740.00
Cleaning, Repair, and Maintenance Services	13,500.00	(500.00)	13,000.00	4,486.54	8,513.46
General Supplies					
Total Undistributed Expenditures - Care & Upkeep of Grounds	120,193.00	35,500.00	155,693.00	136,238.70	19,454.30
Undistributed Expenditures - Security					
Salaries	41,924.00	1,500.00	43,424.00	43,350.00	74.00
Cleaning, Repair, and Maintenance Services	35,695.00	(1,750.00)	33,945.00	12,238.16	21,706.84
General Supplies	975.00	13,455.00	14,430.00	13,774.28	655.72
Total Undistributed Expenditures - Security	78,594.00	13,205.00	91,799.00	69,362.44	22,436.56
Undistributed Expenditures - Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School)-Reg.	94,638.00		94,638.00	94,624.44	13.56
Other Purchased Prof. and Technical Services	3,250.00		3,250.00	3,250.00	
Contracted Services - (Between Home and School) - Vendors	27,405.00		27,405.00	11,920.00	15,485.00
Contracted Services - (Other than Between Home and School) - Vendors	90,710.67		90,710.67	47,466.28	43,244.39
Contracted Services - (Between Home and School) - Joint Agreements	2,366,036.00	16,000.00	2,382,036.00	2,379,193.02	2,842.98
Contracted Services (Special Education Students) - Joint Agreements	1,336,451.66	(16,000.00)	1,320,451.66	1,021,902.60	298,549.06
Contracted Services - Aid in Lieu of Payments - Nonpublic School	62,860.00		62,860.00	49,799.01	13,060.99
Contracted Services - Aid in Lieu of Payments - Charter School	16,452.00		16,452.00	4,420.00	12,032.00
General Supplies	11,850.00		11,850.00	2,650.35	9,199.65
Total Undistributed Expenditures - Student Transportation Services	4,009,653.33	-	4,009,653.33	3,615,225.70	394,427.63
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	690,000.00	145.32	690,145.32	566,049.93	124,095.39
Other Retirement Contributions - PERS	763,454.00		763,454.00	699,093.00	64,361.00
Other Retirement Contributions - Regular	12,000.00	5,000.00	17,000.00	16,848.91	151.09
Unemployment Compensation	250,000.00	(5,000.00)	245,000.00	36,754.24	208,245.76
Workmen's Compensation	395,000.00		395,000.00	349,726.00	45,274.00
Health Benefits	10,013,572.00	(572,500.00)	9,441,072.00	8,906,022.12	535,049.88
Tuition Reimbursement	128,000.00		128,000.00	77,451.20	50,548.80
Other Employee Benefits	591,670.00		591,670.00	543,676.43	47,993.57
Total Unallocated Benefits	12,843,696.00	(572,354.68)	12,271,341.32	11,195,621.83	1,075,719.49

(Continued)

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**

Required Supplementary Information  
Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures- Food Services					
Transfers to Cover Deficit	\$ 19,500.00	\$ (19,500.00)	-	-	-
Reimbursed T.P.A.F. Pension Contributions (non-budgeted)				\$ 1,494,475.00	\$ (1,494,475.00)
Reimbursed T.P.A.F. Medical Contributions (non-budgeted)				1,689,874.00	(1,689,874.00)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				1,798,791.53	(1,798,791.53)
				4,983,140.53	(4,983,140.53)
Total Undistributed Expenditures	30,998,477.29	(454,298.68)	\$ 30,544,178.61	32,591,795.65	(2,047,617.04)
Total Current Expense	54,260,425.96	(251,275.00)	54,009,150.96	55,302,004.92	(1,292,853.96)
Capital Outlay:					
Capital Reserve:					
Increase in Capital Reserve	500,000.00		500,000.00		500,000.00
Interest Deposit to Capital Reserve	500.00		500.00		500.00
Total Capital Reserve	500,500.00	-	500,500.00	-	500,500.00
Equipment:					
Other Support Services - Extraordinary Services		8,144.00	8,144.00	8,144.00	
Undistributed Expenditures - Administration Info. Technology		150,000.00	150,000.00		150,000.00
Undistributed Expenditures - Care and Upkeep of Grounds	72,000.00		72,000.00	70,595.00	1,405.00
Total Equipment	72,000.00	158,144.00	230,144.00	78,739.00	151,405.00
Facility Acquisitions and Construction Services:					
Architectural Services	5,157.00	34,930.00	40,087.00	37,665.00	2,422.00
Construction Services	141,603.70		141,603.70	135,367.00	6,236.70
Assessment for Debt Service on SDA Funding	24,815.00		24,815.00	24,815.00	
Total Facility Acquisitions and Construction Services	171,575.70	34,930.00	206,505.70	197,847.00	8,658.70
Total Capital Outlay	744,075.70	193,074.00	937,149.70	276,586.00	660,563.70
Transfer of Funds to Charter School	1,283,393.00	-	1,283,393.00	855,139.00	428,254.00
Total Expenditures	56,287,894.66	(58,201.00)	56,229,693.66	56,433,729.92	(204,036.26)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,451,717.66)	60,246.00	(4,391,471.66)	557,569.45	4,949,041.11

(Continued)

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**

Required Supplementary Information  
Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>Other Financing Sources (Uses):</b>					
Operating Transfer Out to Food Service Fund -- Transfer to Cover Deficit Cancellation of Grant Balances		\$ (85,000.00)	\$ (85,000.00)	\$ (73,822.97)	\$ (11,177.03)
Local Contribution - Transfer to Special Revenue Fund - Inclusion			(10,176.00)	357.83	(357.83)
			(10,176.00)	(10,176.00)	
<b>Total Other Financing Sources (Uses):</b>		<u>(85,000.00)</u>	<u>(95,176.00)</u>	<u>(83,641.14)</u>	<u>(11,534.86)</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	\$ (4,451,717.66)	(24,754.00)	(4,486,647.66)	473,928.31	4,937,506.25
<b>Fund Balances, July 1</b>	10,545,479.23	-	10,545,479.23	10,545,479.23	-
<b>Fund Balances, June 30</b>	<u>\$ 6,093,761.57</u>	<u>\$ (24,754.00)</u>	<u>\$ 6,058,831.57</u>	<u>\$ 11,019,407.54</u>	<u>\$ 4,937,506.25</u>
<b>Recapitulation:</b>					
Restricted Fund Balance:					
Capital Reserve				\$ 791,442.42	
Capital Reserve -- Designated for Subsequent Year's Expenditures				2,052,500.00	
Maintenance Reserve				300,222.68	
Emergency Reserve				314,216.52	
Excess Surplus				2,799,822.35	
Excess Surplus -- Designated for Subsequent Year's Expenditures				2,770,192.10	
Assigned Fund Balance:					
Reserve for Encumbrances				168,092.26	
Designated for Subsequent Year's Expenditures				750,029.90	
Unassigned Fund Balance				1,072,889.31	
				11,019,407.54	
				<u>(2,198,683.00)</u>	
				<u>\$ 8,820,724.54</u>	
<b>Reconciliation to Governmental Funds Statements (GAAP):</b>					
Last State Aid Payment Not Recognized on GAAP Basis					

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund -- Education Jobs Fund  
 For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Federal Sources:					
Education Jobs Funds	\$	2,045.00	\$ 2,045.00	\$ 2,045.00	-
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Undistributed Instruction:		1,899.68	1,899.68	1,899.68	
Other Salaries for Instruction					
Undistributed Expenditures - Allocated Benefits:		145.32	145.32	145.32	-
Unallocated Benefits - Social Security					
Total Current Expense		2,045.00	2,045.00	2,045.00	-
Total Expenditures	-	2,045.00	2,045.00	2,045.00	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
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, 2013

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
<b>REVENUES:</b>					
<b>Local Sources:</b>					
FSA Sports	\$	2,064.00	\$ 2,064.00	\$ 2,062.85	\$ 1.15
Atlanti Care Wellness		759.00	759.00		759.00
Atlanti Care Garden		1,447.00	1,447.00	1,447.00	
Atlanti Care School Health		7,512.56	7,512.56	3,412.56	4,100.00
Reading Tutoring Grant		8.00	8.00		8.00
AC Electric		39.41	39.41		39.41
GTEA Music Donation		844.75	844.75	719.75	125.00
Wrestling		10,755.00	10,755.00	8,850.00	1,905.00
Arthur Rann FSA Teach Grant		5,089.95	5,089.95		5,089.95
Galloway Education Foundation		28,607.16	28,607.16	28,384.85	222.31
<b>Total - Local Sources</b>	-	57,126.83	57,126.83	44,877.01	12,249.82
<b>State Sources:</b>					
Nonpublic Aid	\$ 212,280.00	43,732.00	256,012.00	212,376.46	43,635.54
Inclusive Schools Climate Initiative		2,552.09	2,552.09	2,310.75	241.34
Preschool Education Aid	102,300.00		102,300.00	102,300.00	
<b>Total - State Sources</b>	314,580.00	46,284.09	360,864.09	316,987.21	43,876.88
<b>Federal Sources:</b>					
Title I	382,903.00	350,195.82	733,098.82	564,879.49	168,219.33
Title II A	67,278.00	18,967.64	86,245.64	78,003.44	8,242.20
Title II D		42.00	42.00	42.00	
Title III	34,552.00	29,237.50	63,789.50	41,050.71	22,738.79
I.D.E.I.A., Part B Basic	767,125.00	417,888.07	1,185,013.07	881,853.85	303,159.22
I.D.E.I.A., Part B, Preschool Incentive	40,026.56	10,365.44	50,392.00	20,134.09	30,257.91
Race to the Top	28,496.44	7,379.56	35,876.00	35,806.00	70.00
<b>Total - Federal Sources</b>	1,320,381.00	834,076.03	2,154,457.03	1,621,769.58	532,687.45
<b>Total Revenues</b>	\$ 1,634,961.00	\$ 937,486.95	\$ 2,572,447.95	\$ 1,983,633.80	\$ 588,814.15

(Continued)

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**

Required Supplementary Information  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	\$ 608,871.43	\$ 397,076.57	\$ 1,005,948.00	\$ 685,468.30	\$ 320,479.70
Purchased Professional & Educational Services	21,033.32	28,368.02	49,401.34	10,795.00	38,606.34
Other Purchased Services	454,060.47	129,823.53	583,884.00	549,646.63	34,237.37
General Supplies	219,722.71	198,896.71	418,619.42	374,188.70	44,430.72
Textbooks	56,798.44	(26,046.44)	30,752.00	29,178.02	1,573.98
Other Objects	3,574.37	925.63	4,500.00	3,344.50	1,155.50
<b>Total Instruction</b>	<b>1,364,060.74</b>	<b>729,044.02</b>	<b>2,093,104.76</b>	<b>1,652,621.15</b>	<b>440,483.61</b>
Support Services:					
Salaries of Other Professional Staff	77,552.72	31,032.05	108,584.77	81,117.44	27,467.33
Personal Services - Employee Benefits	62,941.72	43,186.13	106,127.85	71,774.26	34,353.59
Purchased Professional & Technical Services	91,840.39	15,537.25	107,377.64	68,777.10	38,600.54
Other Purchased Services	27,557.47	12,442.53	40,000.00	3,084.83	36,915.17
Supplies and Materials	21,183.96	83,556.84	104,740.80	93,746.89	10,993.91
Other Objects		20,484.14	20,484.14	20,484.14	
<b>Total Support Services</b>	<b>281,076.26</b>	<b>206,238.94</b>	<b>487,315.20</b>	<b>338,984.66</b>	<b>148,330.54</b>
Capital Outlay:					
Instructional Equipment	-	2,203.99	2,203.99	2,203.99	-
<b>Total Expenditures</b>	<b>1,645,137.00</b>	<b>937,486.95</b>	<b>2,582,623.95</b>	<b>1,993,809.80</b>	<b>588,814.15</b>
Other Financing Sources (Uses):					
Transfer from Operating Budget - Pre K	10,176.00	-	10,176.00	10,176.00	-
<b>Total Outflows</b>	<b>1,634,961.00</b>	<b>937,486.95</b>	<b>2,572,447.95</b>	<b>1,983,633.80</b>	<b>588,814.15</b>
<b>Excess (Deficiency) of Revenues Over (Under Expenditures)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budget-to-GAAP Reconciliation  
 For the Fiscal Year Ended June 30, 2013

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources / Inflows of Resources:</b>		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 56,991,299.37	\$ 1,983,633.80
<b>Differences - Budget to GAAP:</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(555.63)
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 2012.	2,118,385.00	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 2013.	<u>(2,198,683.00)</u>	<u>(10,230.00)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 56,911,001.37</u>	<u>\$ 1,983,078.17</u>
<b>Uses / Outflows of Resources:</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 56,433,729.92	\$ 1,993,809.80
<b>Differences - Budget to GAAP:</b>		
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>(555.63)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 56,433,729.92</u>	<u>\$ 1,993,254.17</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Special Revenue Fund  
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2013

	I.A.S.A.			I.D.E.I.A. Part B			Total Brought Forward
	Total	Title I	Title II Part A	Title II Part D	Title III	Basic	
<b>REVENUES:</b>							
Federal Sources	\$ 1,621,769.58	\$ 564,879.49	\$ 78,003.44	\$ 42.00	\$ 41,050.71	\$ 881,853.85	\$ 20,134.09
State Sources	316,987.21						
Local Sources	44,877.01						
<b>Total Revenues</b>	<b>\$ 1,983,633.80</b>	<b>\$ 564,879.49</b>	<b>\$ 78,003.44</b>	<b>\$ 42.00</b>	<b>\$ 41,050.71</b>	<b>\$ 881,853.85</b>	<b>\$ 20,134.09</b>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Salaries of Teachers	\$ 685,468.30	\$ 252,697.14	\$ 58,575.80		\$ 17,301.19	\$ 156,827.68	\$ 200,066.49
Purchased Professional & Educational Services	10,795.00					10,000.00	795.00
Other Purchased Services	549,646.63					549,646.63	
General Supplies	374,188.70	238,868.20		\$ 42.00	20,272.98	60,693.26	\$ 10,223.35
Textbooks	29,178.02						
Other Objects	3,344.50						3,344.50
<b>Total Instruction</b>	<b>1,652,621.15</b>	<b>491,565.34</b>	<b>58,575.80</b>	<b>42.00</b>	<b>37,574.17</b>	<b>777,167.57</b>	<b>13,567.85</b>
<b>Support Services:</b>							
Salaries of Other Professional Staff	81,117.44	7,314.07				44,336.85	29,466.52
Personal Services - Employee Benefits	71,774.26	24,725.94	12,822.24		1,323.54	15,389.09	17,513.45
Purchased Professional & Technical Services	68,777.10	20,790.00	4,975.40		2,088.00		4,080.00
Other Purchased Services	3,084.83				65.00	533.59	2,486.24
Supplies and Materials	93,746.89	20,484.14	1,630.00			42,222.76	49,894.13
Other Objects	20,484.14						
<b>Total Support Services</b>	<b>338,984.66</b>	<b>73,314.15</b>	<b>19,427.64</b>	<b>-</b>	<b>3,476.54</b>	<b>102,482.29</b>	<b>6,566.24</b>
<b>Facilities Acquisition and Construction Services:</b>							
Instructional Equipment	2,203.99					2,203.99	
<b>Total Facilities Acquisition and Construction Services</b>	<b>2,203.99</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,203.99</b>	<b>-</b>
<b>Total Expenditures</b>	<b>1,993,809.80</b>	<b>564,879.49</b>	<b>78,003.44</b>	<b>42.00</b>	<b>41,050.71</b>	<b>881,853.85</b>	<b>20,134.09</b>
<b>Other Financing Sources (Uses):</b>							
Transfer from Operating Budget - Pre K	10,176.00						
<b>Total Outflows</b>	<b>1,983,633.80</b>	<b>564,879.49</b>	<b>78,003.44</b>	<b>42.00</b>	<b>41,050.71</b>	<b>881,853.85</b>	<b>20,134.09</b>
<b>Excess (Deficiency) of Revenues Over (Under Expenditures)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(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, 2013

	Total Carried Forward	Race to the Top	Preschool Education Aid	Nonpublic Textbook Aid, Ch. 194, L. 1979	Nonpublic Nursing Aid	Nonpublic Technology	Total Brought Forward
<b>REVENUES:</b>							
Federal Sources	\$ 35,806.00	\$ 35,806.00					
State Sources	316,987.21		\$ 102,300.00	\$ 29,178.02	\$ 42,643.48	\$ 10,109.00	\$ 132,756.71
Local Sources	44,877.01						44,877.01
<b>Total Revenues</b>	<b>\$ 397,670.22</b>	<b>\$ 35,806.00</b>	<b>\$ 102,300.00</b>	<b>\$ 29,178.02</b>	<b>\$ 42,643.48</b>	<b>\$ 10,109.00</b>	<b>\$ 177,633.72</b>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Salaries of Teachers	\$ 200,066.49		\$ 112,476.00				\$ 87,590.49
Purchased Professional & Educational Services	795.00						795.00
Other Purchased Services							
General Supplies	44,088.91					\$ 10,109.00	33,979.91
Textbooks	29,178.02		\$ 29,178.02				
Other Objects							
<b>Total Instruction</b>	<b>274,128.42</b>	<b>-</b>	<b>112,476.00</b>	<b>29,178.02</b>	<b>-</b>	<b>10,109.00</b>	<b>122,365.40</b>
<b>Support Services:</b>							
Salaries of Other Professional Staff	29,466.52				\$ 25,889.00		3,577.52
Personal Services - Employee Benefits	17,513.45						17,513.45
Purchased Professional & Technical Services	36,843.70				13,579.20		23,264.50
Other Purchased Services							
Supplies and Materials	49,894.13	\$ 35,806.00			3,175.28		10,912.85
Other Objects							
<b>Total Support Services</b>	<b>133,717.80</b>	<b>35,806.00</b>	<b>-</b>	<b>-</b>	<b>42,643.48</b>	<b>-</b>	<b>55,268.32</b>
<b>Facilities Acquisition and Construction Services:</b>							
Instructional Equipment							
<b>Total Facilities Acquisition and Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>407,846.22</b>	<b>35,806.00</b>	<b>112,476.00</b>	<b>29,178.02</b>	<b>42,643.48</b>	<b>10,109.00</b>	<b>177,633.72</b>
<b>Other Financing Sources (Uses):</b>							
Transfer from Operating Budget - Pre K	10,176.00	-	10,176.00	-	-	-	-
<b>Total Outflows</b>	<b>397,670.22</b>	<b>35,806.00</b>	<b>102,300.00</b>	<b>29,178.02</b>	<b>42,643.48</b>	<b>10,109.00</b>	<b>177,633.72</b>
<b>Excess (Deficiency) of Revenues Over (Under Expenditures)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Special Revenue Fund  
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2013

	Total Carried Forward	N.J. Nonpublic Auxiliary Services Ch. 192		N.J. Nonpublic Handicapped Services - Ch. 193		Inclusive School Climate Initiative	Total Brought Forward
		Compensatory Education	Supplemental Instruction	Examination and Classification	Corrective Speech		
<b>REVENUES:</b>							
Federal Sources	\$ 132,756.71	\$ 65,442.20	\$ 19,924.49	\$ 30,236.27	\$ 14,843.00	\$ 2,310.75	\$ 44,877.01
State Sources	44,877.01						
Local Sources							
<b>Total Revenues</b>	<b>\$ 177,633.72</b>	<b>\$ 65,442.20</b>	<b>\$ 19,924.49</b>	<b>\$ 30,236.27</b>	<b>\$ 14,843.00</b>	<b>\$ 2,310.75</b>	<b>\$ 44,877.01</b>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Salaries of Teachers	\$ 87,590.49	\$ 46,038.00	\$ 3,159.99	\$ 22,049.50	\$ 14,843.00	\$ 795.00	\$ 1,500.00
Purchased Professional & Educational Services	795.00						
Other Purchased Services							
General Supplies	33,979.91					1,515.75	32,464.16
Textbooks							
Other Objects							
<b>Total Instruction</b>	<b>122,365.40</b>	<b>46,038.00</b>	<b>3,159.99</b>	<b>22,049.50</b>	<b>14,843.00</b>	<b>2,310.75</b>	<b>33,964.16</b>
<b>Support Services:</b>							
Salaries of Other Professional Staff	3,577.52	3,577.52					
Personal Services - Employee Benefits	17,513.45	15,826.68		1,686.77			
Purchased Professional & Technical Services	23,264.50		16,764.50	6,500.00			
Other Purchased Services							
Supplies and Materials	10,912.85						10,912.85
Other Objects							
<b>Total Support Services</b>	<b>55,268.32</b>	<b>19,404.20</b>	<b>16,764.50</b>	<b>8,186.77</b>	<b>-</b>	<b>-</b>	<b>10,912.85</b>
<b>Facilities Acquisition and Construction Services:</b>							
Instructional Equipment							
<b>Total Facilities Acquisition and Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>177,633.72</b>	<b>65,442.20</b>	<b>19,924.49</b>	<b>30,236.27</b>	<b>14,843.00</b>	<b>2,310.75</b>	<b>44,877.01</b>
<b>Other Financing Sources (Uses):</b>							
Transfer from Operating Budget - Pre K	-	-	-	-	-	-	-
<b>Total Outflows</b>	<b>177,633.72</b>	<b>65,442.20</b>	<b>19,924.49</b>	<b>30,236.27</b>	<b>14,843.00</b>	<b>2,310.75</b>	<b>44,877.01</b>
<b>Excess (Deficiency) of Revenues Over (Under Expenditures)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(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, 2013

	Total Carried Forward	FSA Sports Grant	Atlanti Care Garden Grant	Atlanti Care School Health	GTEA Music Donation	Wrestling Grant	Galloway Education Foundation
<b>REVENUES:</b>							
Federal Sources							
State Sources	\$ 44,877.01	\$ 2,062.85	\$ 1,447.00	\$ 3,412.56	\$ 719.75	\$ 8,850.00	\$ 28,384.85
Local Sources	\$ 44,877.01	\$ 2,062.85	\$ 1,447.00	\$ 3,412.56	\$ 719.75	\$ 8,850.00	\$ 28,384.85
<b>Total Revenues</b>							
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers	\$ 1,500.00			\$ 1,500.00			
Purchased Professional & Educational Services							
Other Purchased Services			\$ 1,447.00	1,912.56	\$ 719.75		\$ 28,384.85
General Supplies							
Textbooks							
Other Objects							
<b>Total Instruction</b>	33,964.16	-	1,447.00	3,412.56	719.75	-	28,384.85
Support Services:							
Salaries of Other Professional Staff							
Personal Services - Employee Benefits							
Purchased Professional & Technical Services							
Other Purchased Services	10,912.85	\$ 2,062.85				\$ 8,850.00	
Supplies and Materials							
Other Objects							
<b>Total Support Services</b>	10,912.85	2,062.85	-	-	-	8,850.00	-
Facilities Acquisition and Construction Services:							
Instructional Equipment							
<b>Total Facilities Acquisition and Construction Services</b>	-	-	-	-	-	-	-
<b>Total Expenditures</b>	44,877.01	2,062.85	1,447.00	3,412.56	719.75	8,850.00	28,384.85
Other Financing Sources (Uses):							
Transfer from Operating Budget - Pre K	-	-	-	-	-	-	-
<b>Total Outflows</b>	44,877.01	2,062.85	1,447.00	3,412.56	719.75	8,850.00	28,384.85
<b>Excess (Deficiency) of Revenues Over (Under Expenditures)</b>	-	-	-	-	-	-	-

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Special Revenue Fund  
 Schedule of Preschool Education Aid  
 Budgetary Basis  
 For the Fiscal Year Ended June 30, 2013

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 112,476.00	\$ 112,476.00	-
Total Expenditures	\$ 112,476.00	\$ 112,476.00	-

Calculation of Budget and Carryover

2012-13 Revised Preschool Education Aid Allocation	\$	102,300.00
Transfer from Operating Budget - Pre K		10,176.00
Actual ECPA Carryover (June 30, 2012)		-
		112,476.00
Total Preschool Education Aid Funds Available for 2011-12 Budget		112,476.00
Less: 2012-13 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)		(112,476.00)
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2013		-
Add: 2012-13 Unexpended Preschool Education Aid		-
2012-13 Preschool Education Aid Actual Carryover		-

CAPITAL PROJECTS FUND

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Capital Projects Fund  
 Summary Schedule of Project Expenditures  
 For the Fiscal Year Ended June 30, 2013

Project Title / Issue	Original Date	Appropriations	Expenditures to Date		Cancellations	Unexpended Balance June 30, 2013
			Prior Years	Current Year		
Installation of Solar Panels at the Galloway Township Middle School State Project # 1690-016-09-1000	4/21/2009	\$ 2,366,000.00	\$ 1,652,478.32		\$ 169,000.00	\$ 544,521.68
Construction of Reeds Road Elementary School Gymnasium State Project # 1690-045-09-1003	9/3/2009	2,880,862.00	2,318,650.85			562,211.15
Replacement of Reeds Road Roof State Project # 1690-045-11-1000	9/1/2011	1,317,244.00	1,315,043.40			2,200.60
		<u>\$ 6,564,106.00</u>	<u>5,286,172.57</u>	<u>-</u>	<u>\$ 169,000.00</u>	<u>\$ 1,108,933.43</u>
Reserve for Encumbrances Designated for Subsequent Years Expenditures						\$ 4,010.57
						<u>1,104,922.86</u>
						<u>\$ 1,108,933.43</u>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
 Summary Schedule of Revenue, Expenditure, and Change in Fund Balances--Budgetary Basis  
 For the Fiscal Year Ended June 30, 2013

**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		
Transfer from (to) Other Local Projects		
Transfer from Capital Outlay		
 Total Revenues		-

**Expenditures and Other Financing Uses**

Expenditures:		
Purchased Professional and Technical Services		
Construction Services		
 Total Expenditures		-
 Other Financing Uses:		
Cancellation of Authorized Costs:		
Transferred to Debt Service Fund	\$ 169,000.00	
 Total Other Financing Uses		\$ 169,000.00
 Total Expenditures and Other Financing Uses		169,000.00

Excess (Deficiency) of Revenues Over (Under) Expenditures		(169,000.00)
 Fund Balance -- July 1		1,277,933.43
 Fund Balance -- June 30		\$ 1,108,933.43

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

Schedule 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, 2013

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
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				
<b>Total Revenues</b>	<u>2,366,000.00</u>	<u>-</u>	<u>2,366,000.00</u>	<u>2,366,000.00</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	57,478.32		57,478.32	125,000.00
Construction Services	836,459.00		836,459.00	1,313,459.00
Transfer to General Fund -- Unrestricted	758,541.00		758,541.00	758,541.00
Transfer to Debt Service Fund		\$ 169,000.00	169,000.00	169,000.00
Transfer to General Fund -- Capital Reserve				
<b>Total Expenditures</b>	<u>1,652,478.32</u>	<u>169,000.00</u>	<u>1,821,478.32</u>	<u>2,366,000.00</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ 713,521.68</u>	<u>\$ (169,000.00)</u>	<u>\$ 544,521.68</u>	<u>-</u>
<b>Additional Project Information:</b>				
Project Number	1690-016-09-1000			
Grant Date	N/A			
Bond Authorization Date	4/21/2009			
Bonds Authorized	\$ 2,366,000.00			
Bonds Issued	\$ 2,366,000.00			
Original Authorized Cost	\$ 2,366,000.00			
Additional Authorized Cost	(169,000.00)			
Revised Authorized Cost	\$ 2,197,000.00			
Percentage Increase over Original Authorized Cost	-7.14%			
Percentage Completion	76.99%			
Original Target Completion Date	9/30/2009			
Revised Target Completion Date	6/30/2012			

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

Schedule 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, 2013

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
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	(1,317,244.00)		(1,317,244.00)	(1,317,244.00)
Transfer from Capital Outlay				
<b>Total Revenues</b>	<u>2,880,862.00</u>	<u>-</u>	<u>2,880,862.00</u>	<u>2,880,862.00</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	289,185.41		289,185.41	297,015.50
Construction Services	2,029,465.44		2,029,465.44	2,583,846.50
Transfer to General Fund -- Unrestricted				
Transfer to General Fund -- Capital Reserve				
<b>Total Expenditures</b>	<u>2,318,650.85</u>	<u>-</u>	<u>2,318,650.85</u>	<u>2,880,862.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 562,211.15</u>	<u>-</u>	<u>\$ 562,211.15</u>	<u>-</u>
<b>Additional Project Information:</b>				
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	(1,008,967.00)			
Revised Authorized Cost	\$ 2,880,862.00			
Percentage Increase over Original Authorized Cost	-25.94%			
Percentage Completion	80.48%			
Original Target Completion Date	4/30/2011			
Revised Target Completion Date	12/31/2013			

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

Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis  
Replacement of Reeds Road Roof  
From Inception and for the Fiscal Year Ended June 30, 2013

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources--EDA Grant				
Bond Proceeds and Transfers				
Proceeds from Lease Purchase				
Cancellation of Accounts Payable				
Transfer from Capital Reserve				
Transfer from (to) Other Local Projects	\$ 1,317,244.00		\$ 1,317,244.00	\$ 1,317,244.00
Transfer from Capital Outlay				
<b>Total Revenues</b>	<u>1,317,244.00</u>	<u>-</u>	<u>1,317,244.00</u>	<u>1,317,244.00</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	104,509.00		104,509.00	105,000.00
Construction Services	1,210,534.40		1,210,534.40	1,212,244.00
Transfer to General Fund -- Unrestricted				
Transfer to General Fund -- Capital Reserve				
<b>Total Expenditures</b>	<u>1,315,043.40</u>	<u>-</u>	<u>1,315,043.40</u>	<u>1,317,244.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 2,200.60</u>	<u>-</u>	<u>\$ 2,200.60</u>	<u>-</u>
<b>Additional Project Information:</b>				
Project Number	1690-045-11-1000			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 1,317,244.00			
Additional Authorized Cost	-			
Revised Authorized Cost	\$ 1,317,244.00			
Percentage Increase over Original Authorized Cost				
Percentage Completion	99.83%			
Original Target Completion Date	9/1/2011			
Revised Target Completion Date	12/31/2013			

PROPRIETARY FUNDS

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
Enterprise Fund  
Combining Statement of Net Position  
June 30, 2013

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Gifted and Talented Consortium</u>	<u>Community Education</u>	<u>Total</u>
<b>ASSETS:</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 102,645.21	\$ 46,312.21	\$ 53,744.42	\$ 71,184.99	\$ 273,886.83
Accounts Receivable:					
State	1,293.78				1,293.78
Federal	67,099.89				67,099.89
Other	5,593.95	421.51			6,015.46
Interfund Accounts Receivable:					
Due Agency Fund -- Payroll		5,532.17			5,532.17
Due Community Education		3,929.92			3,929.92
Inventories	15,951.88				15,951.88
<b>Total Current Assets</b>	<b>192,584.71</b>	<b>56,195.81</b>	<b>53,744.42</b>	<b>71,184.99</b>	<b>373,709.93</b>
<b>Noncurrent Assets:</b>					
Restricted Cash and Cash Equivalents					
Furniture, Machinery and Equipment	569,041.90				569,041.90
Less Accumulated Depreciation	(474,249.63)				(474,249.63)
<b>Total Noncurrent Assets</b>	<b>94,792.27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>94,792.27</b>
<b>Total Assets</b>	<b>287,376.98</b>	<b>56,195.81</b>	<b>53,744.42</b>	<b>71,184.99</b>	<b>468,502.20</b>
<b>LIABILITIES:</b>					
<b>Current Liabilities:</b>					
Interfund Accounts Payable:					
Due General Fund	138,138.16	5,518.64		5,705.19	149,361.99
Due Childcare Fund				3,929.92	3,929.92
Accounts Payable	496.90				496.90
Unearned Revenue	17,797.24				17,797.24
	156,432.30	5,518.64	-	9,635.11	171,586.05
<b>Noncurrent Liabilities:</b>					
Compensated Absences	125,799.79	-	-	-	125,799.79
<b>Total Liabilities</b>	<b>282,232.09</b>	<b>5,518.64</b>	<b>-</b>	<b>9,635.11</b>	<b>297,385.84</b>
<b>NET POSITION:</b>					
Invested in Capital Assets, Net of Related Debt	94,792.27	-	-	-	94,792.27
Unrestricted	(89,647.38)	50,677.17	53,744.42	61,549.88	76,324.09
<b>Total Net Position</b>	<b>\$ 5,144.89</b>	<b>\$ 50,677.17</b>	<b>\$ 53,744.42</b>	<b>\$ 61,549.88</b>	<b>\$ 171,116.36</b>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
Enterprise Fund  
Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Fiscal Year Ended June 30, 2013

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Gifted and Talented Consortium</u>	<u>Community Education</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>					
Charges for Services:					
Daily Sales - Reimbursable Programs:					
School Lunch Program	\$ 420,346.19				\$ 420,346.19
School Breakfast Program	27,348.95				27,348.95
Daily Sales - Non-Reimbursable Programs	192,031.44				192,031.44
Special Functions	9,843.56				9,843.56
Community Service Activities		\$ 269,128.17	\$ 33,235.00	\$ 23,715.00	326,078.17
<b>Total Operating Revenues</b>	<u>649,570.14</u>	<u>269,128.17</u>	<u>33,235.00</u>	<u>23,715.00</u>	<u>975,648.31</u>
<b>OPERATING EXPENSES:</b>					
Salaries	764,877.40	194,883.24	24,275.50	15,267.63	999,303.77
Employee Benefits	248,170.76	31,976.25	1,857.08	2,773.51	284,777.60
Purchased Property Services	30,955.10				30,955.10
Other Purchased Services	4,000.00				4,000.00
General Supplies	47,594.21	7,956.42	2,330.71	4,302.30	62,183.64
Depreciation	17,583.38				17,583.38
Cost of Sales	645,112.73				645,112.73
Miscellaneous	370.78				370.78
<b>Total Operating Expenses</b>	<u>1,758,664.36</u>	<u>234,815.91</u>	<u>28,463.29</u>	<u>22,343.44</u>	<u>2,044,287.00</u>
<b>Operating Income / (Loss)</b>	<u>(1,109,094.22)</u>	<u>34,312.26</u>	<u>4,771.71</u>	<u>1,371.56</u>	<u>(1,068,638.69)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
State Sources:					
State School Lunch Program	19,832.12				19,832.12
Federal Sources:					
National School Lunch Program	750,971.18				750,971.18
National School Breakfast Program	175,386.38				175,386.38
Food Distribution Program	69,040.34				69,040.34
HHFKA	20,278.50				20,278.50
Board Contribution	73,822.97				73,822.97
Interest Revenue	117.61	44.89	96.51	95.59	354.60
<b>Total Nonoperating Revenues (Expenses)</b>	<u>1,109,449.10</u>	<u>44.89</u>	<u>96.51</u>	<u>95.59</u>	<u>1,109,686.09</u>
<b>Income (Loss) before Contributions and Transfers</b>	<u>354.88</u>	<u>34,357.15</u>	<u>4,868.22</u>	<u>1,467.15</u>	<u>41,047.40</u>
Subtract: Cancellation of Receivable	-	-	-	-	-
<b>Change in Net Position</b>	<u>354.88</u>	<u>34,357.15</u>	<u>4,868.22</u>	<u>1,467.15</u>	<u>41,047.40</u>
<b>Net Position -- July 1</b>	<u>4,790.01</u>	<u>16,320.02</u>	<u>48,876.20</u>	<u>60,082.73</u>	<u>130,068.96</u>
<b>Net Position -- June 30</b>	<u>\$ 5,144.89</u>	<u>\$ 50,677.17</u>	<u>\$ 53,744.42</u>	<u>\$ 61,549.88</u>	<u>\$ 171,116.36</u>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
Enterprise Fund  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2013

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Gifted and Talented Consortium</u>	<u>Community Education</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from Customers	\$ 648,323.99	\$ 270,351.50	\$ 33,235.00	\$ 23,715.00	\$ 975,625.49
Payments to Employees	(765,442.56)	(194,883.24)	(24,275.50)	(15,267.63)	(999,868.93)
Payments for Employee Benefits	(256,704.31)	(32,681.81)	(1,857.08)	(2,773.51)	(294,016.71)
Payments to Suppliers	(742,736.41)	(7,250.86)	(2,330.71)	(4,302.30)	(756,620.28)
Net Cash Provided by (used for) Operating Activities	<u>(1,116,559.29)</u>	<u>35,535.59</u>	<u>4,771.71</u>	<u>1,371.56</u>	<u>(1,074,880.43)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>					
State Sources	19,357.16				19,357.16
Federal Sources	985,503.76				985,503.76
Operating Subsidies and Transfers to Other Funds	82,268.98	7,528.23	(414.06)	1,638.24	91,021.39
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>1,087,129.90</u>	<u>7,528.23</u>	<u>(414.06)</u>	<u>1,638.24</u>	<u>1,095,882.31</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Purchases of Capital Assets	(16,232.00)	-	-	-	(16,232.00)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest Revenue	117.61	44.89	96.51	95.59	354.60
Net Increase (Decrease) in Cash and Cash Equivalents	(45,543.78)	43,108.71	4,454.16	3,105.39	5,124.48
Cash and Cash Equivalents -- July 1	148,188.99	3,203.50	49,290.26	68,079.60	268,762.35
Cash and Equivalents -- June 30	<u>\$ 102,645.21</u>	<u>\$ 46,312.21</u>	<u>\$ 53,744.42</u>	<u>\$ 71,184.99</u>	<u>\$ 273,886.83</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	\$ (1,109,094.22)	\$ 34,312.26	\$ 4,771.71	\$ 1,371.56	\$ (1,068,638.69)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:</b>					
Depreciation and Net Amortization	17,583.38				17,583.38
(Increase) Decrease in Accounts Receivable, net	(31,622.92)	1,223.33			(30,399.59)
(Increase) Decrease in Inventories	7,124.56				7,124.56
Increase (Decrease) in Accounts Payable	496.90				496.90
Increase (Decrease) in Unearned Revenue	(481.83)				(481.83)
Increase (Decrease) in Accrued Salaries Benefits	(565.16)				(565.16)
Total Adjustments	<u>(7,465.07)</u>	<u>1,223.33</u>	<u>-</u>	<u>-</u>	<u>(6,241.74)</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (1,116,559.29)</u>	<u>\$ 35,535.59</u>	<u>\$ 4,771.71</u>	<u>\$ 1,371.56</u>	<u>\$ (1,074,880.43)</u>

## FIDUCIARY FUNDS

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

	<u>Trust Funds</u>	<u>Agency Funds</u>		<u>Total</u>
	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 65,294.49	\$ 69,033.38	\$ 337,736.91	\$ 472,064.78
Interfund Accounts Receivable:				
Due General Fund			5,676.07	5,676.07
Due Payroll Fund	52,379.60			52,379.60
<b>Total Assets</b>	<u>117,674.09</u>	<u>\$ 69,033.38</u>	<u>\$ 343,412.98</u>	<u>530,120.45</u>
<b>LIABILITIES:</b>				
Payable to Student Groups		\$ 69,033.38		69,033.38
Accounts Payable	1,856.46			1,856.46
Interfund Accounts Payable:				
Due Childcare Fund			\$ 5,532.17	5,532.17
Due Unemployment Trust Fund			52,379.60	52,379.60
Payroll Deductions and Withholdings			285,501.21	285,501.21
<b>Total Liabilities</b>	<u>1,856.46</u>	<u>\$ 69,033.38</u>	<u>\$ 343,412.98</u>	<u>414,302.82</u>
<b>NET POSITION:</b>				
Held in Trust for Unemployment Claims	<u>115,817.63</u>			<u>115,817.63</u>
<b>Total Net Position</b>	<u>\$ 115,817.63</u>			<u>\$ 115,817.63</u>

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

	Unemployment Compensation <u>Trust</u>
ADDITIONS:	
Payroll Deductions Withheld	\$ 52,301.36
Board Contribution	<u>36,754.24</u>
Total Contributions	<u>89,055.60</u>
Investment Earnings:	
Interest	<u>119.17</u>
Total Additions	<u>89,174.77</u>
DEDUCTIONS:	
Unemployment Claims	<u>45,798.13</u>
Change in Net Position	43,376.64
Net Position -- July 1	<u>72,440.99</u>
Net Position -- June 30	<u><u>\$ 115,817.63</u></u>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Fiduciary Funds  
 Student Activity Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2013

	Balance <u>June 30, 2012</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance <u>June 30, 2013</u>
ELEMENTARY SCHOOLS:				
Pomona	\$ 360.54	\$ 870.64	\$ 945.51	\$ 285.67
Arthur Rann	4,529.41	9,123.74	9,353.99	4,299.16
Reeds Road	11,932.47	14,363.25	13,450.63	12,845.09
Smithville	20,848.74	24,051.63	19,795.99	25,104.38
Roland Rogers	<u>3,982.84</u>	<u>7,337.08</u>	<u>6,099.61</u>	<u>5,220.31</u>
Total Elementary Schools	<u>41,654.00</u>	<u>55,746.34</u>	<u>49,645.73</u>	<u>47,754.61</u>
MIDDLE SCHOOLS:				
Galloway Township Middle	<u>15,428.93</u>	<u>40,577.14</u>	<u>34,727.30</u>	<u>21,278.77</u>
Total All Schools	<u>\$ 57,082.93</u>	<u>\$ 96,323.48</u>	<u>\$ 84,373.03</u>	<u>\$ 69,033.38</u>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Fiduciary Funds  
 Payroll Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2013

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 280,307.17	\$ 36,007,697.58	\$ 35,950,267.84	\$ 337,736.91
Interfund Accounts Receivable:				
Due General Fund	<u>5,676.07</u>	<u>607.30</u>	<u>607.30</u>	<u>5,676.07</u>
<b>Total Assets</b>	<u><u>\$ 285,983.24</u></u>	<u><u>\$ 36,008,304.88</u></u>	<u><u>\$ 35,950,875.14</u></u>	<u><u>\$ 343,412.98</u></u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 262,910.85	\$ 14,954,497.52	\$ 14,931,907.16	\$ 285,501.21
Net Payroll		21,000,291.40	21,000,291.40	
Contra		1,214.60	1,214.60	
Interfund Accounts Payable:				
Due Childcare Fund	5,532.17			5,532.17
Due Unemployment Fund	<u>17,540.22</u>	<u>52,301.36</u>	<u>17,461.98</u>	<u>52,379.60</u>
<b>Total Liabilities</b>	<u><u>\$ 285,983.24</u></u>	<u><u>\$ 36,008,304.88</u></u>	<u><u>\$ 35,950,875.14</u></u>	<u><u>\$ 343,412.98</u></u>

LONG-TERM DEBT

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Schedule of Serial Bonds  
 For the Fiscal Year Ended June 30, 2013

<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, 2012</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2013</u>
Refunding Bonds	1-15-05	\$ 12,825,000.00	2-1-14 2-1-15 2-1-16	\$ 1,390,000.00 1,380,000.00 1,385,000.00	4.000% 3.800% 4.000%	\$ 5,565,000.00		\$ 1,410,000.00	\$ 4,155,000.00
School District Bonds -- Series 2009	7-1-09	2,366,000.00	3-1-14/24	169,000.00	4.750%	2,028,000.00		169,000.00	1,859,000.00
						\$ 7,593,000.00	-	\$ 1,579,000.00	\$ 6,014,000.00

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Schedule of Obligations Under Capital Leases  
 For the Fiscal Year Ended June 30, 2013

Series	Date of Lease	Term of Lease	Amount of Original Issue Principal	Interest Rate Payable	Interest Rate Payable	Amount Outstanding June 30, 2012(a)	Issued Current Year	Retired Current Year	Amount Outstanding June 30, 2013(a)
Six Digital Duplicators	9-24-09	5 Years	\$ 16,370.64	6.20%	6.20%	\$ 7,994.99	-	3,416.45	\$ 4,578.54

(a) Future Interest Payments Removed from Carrying Value of Leases.

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 Debt Service Fund  
 For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,153,968.00	-	\$ 1,153,968.00	\$ 1,153,968.00	-
Debt Service Aid Type II	732,178.00	-	732,178.00	732,178.00	-
Total Revenues	1,886,146.00	-	1,886,146.00	1,886,146.00	-
EXPENDITURES:					
Regular Debt Service:					
Interest	307,147.00		307,147.00	307,146.26	\$ 0.74
Redemption of Principal	1,579,000.00		1,579,000.00	1,579,000.00	
Total Regular Debt Service	1,886,147.00	-	1,886,147.00	1,886,146.26	0.74
Total Expenditures	1,886,147.00	-	1,886,147.00	1,886,146.26	0.74
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1.00)	-	(1.00)	(0.26)	0.74
Other Financing Sources:					
Operating Transfer In from Capital Projects Fund	-	-	-	169,000.00	169,000.00
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(1.00)	-	(1.00)	168,999.74	169,000.74
Fund Balance, July 1	1.25	-	1.25	1.25	-
Fund Balance, June 30	\$ 0.25	-	\$ 0.25	\$ 169,000.99	\$ 169,000.74

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.

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Net Position by Component  
 Last Ten Fiscal Years (Accrual Basis of Accounting)  
*Unaudited*

	Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Governmental Activities:</b>										
Invested in Capital Assets, Net of Related Debt	\$ 26,880,038.62	\$ 27,208,755.45	\$ 26,313,227.28	\$ 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
Restricted	8,215,621.54	7,826,056.59	6,325,843.18	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
Unrestricted	(439,512.46)	(533,876.61)	(546,093.56)	(1,489,628.94)	(944,279.04)	(400,335.25)	(111,097.75)	1,470,770.00	2,075,404.00	713,588.00
<b>Total Governmental Activities Net Position</b>	<b>\$ 34,656,147.70</b>	<b>\$ 34,500,935.43</b>	<b>\$ 32,092,976.90</b>	<b>\$ 28,403,359.43</b>	<b>\$ 26,334,973.64</b>	<b>\$ 22,847,522.77</b>	<b>\$ 19,544,175.23</b>	<b>\$ 17,623,528.00</b>	<b>\$ 17,410,925.00</b>	<b>\$ 13,652,963.00</b>
<b>Business-type Activities:</b>										
Invested in Capital Assets, Net of Related Debt	\$ 94,792.27	\$ 96,143.65	\$ 112,736.19	\$ 115,804.60	\$ 131,487.41	\$ 130,748.77	\$ 61,231.45	\$ 77,371.00	\$ 76,613.00	\$ 85,890.00
Restricted										
Unrestricted	76,324.09	33,925.31	115,498.34	175,476.16	183,857.48	198,440.84	307,560.85	209,482.00	129,000.00	84,236.00
<b>Total Business-type Activities Net Position</b>	<b>\$ 171,116.36</b>	<b>\$ 130,068.96</b>	<b>\$ 228,234.53</b>	<b>\$ 291,280.76</b>	<b>\$ 315,344.89</b>	<b>\$ 329,189.61</b>	<b>\$ 368,792.30</b>	<b>\$ 286,853.00</b>	<b>\$ 205,613.00</b>	<b>\$ 170,126.00</b>
<b>District-wide:</b>										
Invested in Capital Assets, Net of Related Debt	\$ 26,974,830.89	\$ 27,304,899.10	\$ 26,425,963.47	\$ 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
Restricted	8,215,621.54	7,826,056.59	6,325,843.18	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
Unrestricted	(363,188.37)	(499,951.30)	(430,595.22)	(1,314,152.78)	(760,421.56)	(201,894.41)	196,463.10	1,680,252.00	2,204,404.00	797,824.00
<b>Total District-wide Net Position</b>	<b>\$ 34,827,264.06</b>	<b>\$ 34,631,004.39</b>	<b>\$ 32,321,211.43</b>	<b>\$ 28,694,640.19</b>	<b>\$ 26,650,318.53</b>	<b>\$ 23,176,712.38</b>	<b>\$ 19,912,967.53</b>	<b>\$ 17,910,381.00</b>	<b>\$ 17,616,538.00</b>	<b>\$ 13,823,089.00</b>

(1) In accordance with GASB 65, effective for the fiscal year ended June 30, 2013, the method to expense debt issuance costs was changed. See the notes to the financial statements.

Source: District Records

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Changes in Net Position  
 Last Ten Fiscal Years (Accrual Basis of Accounting)  
*Unaudited*

	Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses:</b>										
Governmental Activities:										
Instruction:										
Regular:	\$ 16,085,642.04	\$ 15,114,178.65	\$ 14,390,784.52	\$ 15,219,460.13	\$ 15,003,940.47	\$ 14,059,267.43	\$ 13,803,916.36	\$ 14,157,121.00	\$ 12,962,134.00	\$ 13,116,689.00
Special Education	8,364,138.16	7,125,795.98	8,034,148.76	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
Other Special Education	1,647,876.41	1,513,285.06	1,271,216.11	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
Other Instruction	83,365.89	60,099.62	491,336.36	107,338.55	107,688.68	99,940.44	107,259.59	132,646.00	200,442.00	180,308.00
Tuition	1,073,501.55	1,597,301.48	1,077,595.61	973,407.62	675,872.38	310,005.61	675,426.48	661,185.00	693,247.00	450,447.00
Support Services:										
Student and Instruction Related Services	5,208,472.29	4,935,163.87	4,826,853.64	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
School Administrative Services	1,789,785.38	1,749,480.54	1,732,908.29	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
General and Business Administrative Services	1,578,291.28	1,621,365.95	1,464,925.58	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
Plant Operations and Maintenance	3,510,017.33	3,319,336.33	3,439,660.26	3,851,643.25	3,937,064.93	3,487,949.94	3,818,884.55	3,180,887.00	3,150,605.00	2,918,387.00
Pupil Transportation	3,615,225.70	3,521,741.47	3,416,511.12	3,729,345.98	3,499,441.20	3,236,679.17	3,292,457.18	3,048,468.00	3,007,775.00	2,796,889.00
Unallocated Benefits	16,250,536.62	14,878,676.20	13,573,815.01	13,748,403.09	13,081,137.73	12,993,889.35	12,769,610.30	10,508,717.00	9,138,832.00	7,119,537.00
Transfer to Charter School	855,139.00	1,112,099.00	1,237,362.00	1,815,653.00	1,597,496.00	1,192,085.00	1,199,189.71	1,185,347.00	1,020,021.00	840,007.00
Interest on Long-term Debt	465,093.95	397,342.55	531,499.97	573,968.95	579,059.15	679,538.52	789,224.04	891,020.00	717,110.00	1,124,760.00
Unallocated Depreciation	4,442.53	4,442.53	4,442.53	1,825.93	1,825.93	1,825.93	293,412.45	256,028.00	196,263.00	34,632.00
Total Governmental Activities Expenses	60,551,548.13	56,970,309.23	55,050,859.76	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
Business-type Activities:										
Food Service	1,758,664.36	1,830,309.28	1,773,107.15	1,769,163.62	1,785,332.05	1,783,152.24	1,659,626.15	1,677,841.00	1,565,889.00	1,706,870.00
Gifted and Talented Consortium	28,463.29	24,888.49	24,978.03	27,109.19	28,047.28	26,552.11	23,799.69	21,805.00	17,510.00	21,911.00
Childcare Program	234,815.91	257,722.19	265,363.90	269,527.54	367,744.17	375,413.49	352,239.93	334,068.00	345,223.00	350,349.00
Community Education	22,343.44	37,541.55	51,047.91	45,366.21	58,592.60	47,617.62	38,331.43	40,425.00	45,394.00	50,616.00
Total Business-type Activities Expense	2,044,287.00	2,150,461.51	2,114,496.99	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
Total District Expenses	\$ 62,595,835.13	\$ 59,120,770.74	\$ 57,165,356.75	\$ 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

(Continued)

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
Changes in Net Position  
Last Ten Fiscal Years (Accrual Basis of Accounting)  
*Unaudited*

	Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Program Revenues:</b>										
Governmental Activities:										
Operating Grants and Contributions	\$ 7,063,244.90	\$ 5,799,743.72	\$ 6,012,591.95	\$ 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
Charges for Services	184,037.65	125,926.88	122,210.84	2,071.30	21,394.33	46,474.06	67,647.22	61,111.00	111,732.00	43,975.00
Capital Grants and Contributions										
<b>Total Governmental Activities Program Revenues</b>	<b>7,267,282.75</b>	<b>5,925,670.60</b>	<b>6,134,802.79</b>	<b>5,772,865.89</b>	<b>5,338,414.34</b>	<b>7,457,193.73</b>	<b>6,566,910.56</b>	<b>5,168,755.00</b>	<b>4,278,344.00</b>	<b>4,044,118.00</b>
Business-type activities:										
Charges for Services:										
Food service	649,570.14	738,040.81	815,688.89	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
Gifted and Talented Consortium	33,235.00	28,645.00	27,540.00	29,485.00	33,829.39	33,325.00	30,760.00	24,055.00	17,785.00	20,420.00
Childcare Program	269,128.17	234,956.43	257,070.08	287,336.75	301,932.72	333,584.69	355,266.68	362,519.00	356,426.00	309,723.00
Community Education and Recreation	23,715.00	21,937.00	33,306.90	39,664.77	57,080.41	55,207.60	55,727.59	47,369.00	43,889.00	62,857.00
Capital Grants and Contributions				3,097.00	6,000.00					
Operating Grants and Contributions	1,035,508.52	1,012,830.38	915,112.25	843,897.00	861,848.76	772,145.28	644,990.26	617,608.00	529,228.00	537,810.00
<b>Total Business-type Activities Program Revenues</b>	<b>2,011,156.83</b>	<b>2,036,409.62</b>	<b>2,048,718.12</b>	<b>2,078,052.08</b>	<b>2,164,610.18</b>	<b>2,142,399.92</b>	<b>2,086,867.12</b>	<b>2,058,982.00</b>	<b>2,002,442.00</b>	<b>1,976,557.00</b>
<b>Total District Program Revenues</b>	<b>\$ 9,278,439.58</b>	<b>\$ 7,962,080.22</b>	<b>\$ 8,183,520.91</b>	<b>\$ 7,850,917.97</b>	<b>\$ 7,503,024.52</b>	<b>\$ 9,599,593.65</b>	<b>\$ 8,653,777.68</b>	<b>\$ 7,227,717.00</b>	<b>\$ 6,280,786.00</b>	<b>\$ 6,020,675.00</b>
<b>Net (Expense)/Revenue:</b>										
Governmental Activities	\$ (53,284,265.38)	\$ (51,044,638.63)	\$ (48,916,056.97)	\$ (53,195,522.04)	\$ (51,116,959.09)	\$ (46,183,442.46)	\$ (45,856,438.68)	\$ (44,754,613.00)	\$ (42,385,638.00)	\$ (38,489,353.00)
Business-type Activities	(33,130.17)	(114,051.89)	(65,778.87)	(63,104.48)	(75,105.92)	(90,335.54)	(14,869.92)	(15,177.00)	28,426.00	(153,189.00)
<b>Total District-wide Net Expense</b>	<b>\$ (53,317,395.55)</b>	<b>\$ (51,158,690.52)</b>	<b>\$ (49,981,835.84)</b>	<b>\$ (53,258,626.52)</b>	<b>\$ (51,192,065.01)</b>	<b>\$ (46,273,778.00)</b>	<b>\$ (45,941,628.76)</b>	<b>\$ (44,769,790.00)</b>	<b>\$ (42,357,212.00)</b>	<b>\$ (38,642,542.00)</b>
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	27,975,500.00	27,975,500.00	27,320,616.00	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
Taxes Levied for Debt Service	1,153,968.00	1,197,788.00	1,602,301.00	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
Restricted and Unrestricted Grants and Contributions	24,170,791.50	24,017,571.68	23,007,597.61	24,597,057.84	24,158,178.12	20,759,755.04	19,586,419.25	19,484,200.00	21,777,523.00	19,064,759.00
Investment Earnings	212,683.29	42,942.01	103,727.97	163,574.08	126,282.00	202,436.40	311,453.14	263,014.00	127,028.00	78,495.00
Other		239,256.85	572,312.60	898,493.63	1,683,854.73	36,985.79	54,413.57	102,289.00	96,726.00	51,935.00
Donated Assets			3,989.00						230,000.00	
Transfers	(73,465.14)	(20,461.38)	(4,879.74)	(32,392.72)	22,543.11	(44,798.23)	(155,137.59)	(10,462.00)	(57,767.00)	(79,520.00)
<b>Total Governmental Activities</b>	<b>53,439,477.65</b>	<b>53,452,597.16</b>	<b>52,605,674.44</b>	<b>55,263,907.83</b>	<b>54,604,409.96</b>	<b>49,486,790.00</b>	<b>47,777,146.37</b>	<b>44,967,216.00</b>	<b>46,143,601.00</b>	<b>41,297,292.00</b>
Business-type Activities:										
Investment Earnings	354.60	886.32	2,779.90	4,040.35	4,361.20	9,432.85	17,069.79	11,417.00	7,060.00	4,735.00
Transfers	73,822.97	15,000.00	(47.26)	35,000.00	56,900.00	41,300.00	50,000.00	85,000.00		79,520.00
<b>Total Business-type Activities</b>	<b>74,177.57</b>	<b>15,886.32</b>	<b>2,732.64</b>	<b>39,040.35</b>	<b>61,261.20</b>	<b>50,732.85</b>	<b>67,069.79</b>	<b>96,417.00</b>	<b>7,060.00</b>	<b>84,255.00</b>
<b>Total District-wide</b>	<b>\$ 53,513,655.22</b>	<b>\$ 53,468,483.48</b>	<b>\$ 52,608,407.08</b>	<b>\$ 55,302,948.18</b>	<b>\$ 54,665,671.16</b>	<b>\$ 49,537,522.85</b>	<b>\$ 47,844,215.16</b>	<b>\$ 45,063,633.00</b>	<b>\$ 46,150,661.00</b>	<b>\$ 41,381,547.00</b>
<b>Change in Net Position:</b>										
Governmental Activities	\$ 155,212.27	\$ 2,407,958.53	\$ 3,689,617.47	\$ 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
Business-type Activities	41,047.40	(98,165.57)	(63,046.23)	(24,064.13)	(13,844.72)	81,939.71	81,240.00	81,240.00	36,486.00	(68,934.00)
<b>Total District</b>	<b>\$ 196,259.67</b>	<b>\$ 2,309,792.96</b>	<b>\$ 3,626,571.24</b>	<b>\$ 2,044,321.66</b>	<b>\$ 3,473,606.15</b>	<b>\$ 3,263,744.85</b>	<b>\$ 2,002,586.40</b>	<b>\$ 293,843.00</b>	<b>\$ 3,793,449.00</b>	<b>\$ 2,739,005.00</b>

(1) In accordance with GASB 65, effective for the fiscal year ended June 30, 2013, the method to expense debt issuance costs was changed. See the notes to the financial statements.

Source: District Records

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**

Fund Balances, Governmental Funds  
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)  
*Unaudited*

	Fiscal Year Ended June 30,									
	2013	2012	2011 (1)	2010	2009	2008	2007	2006	2005	2004
General Fund:										
Restricted	\$ 6,829,713.07	\$ 6,660,667.35	\$ 3,066,010.27	\$ 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
Assigned	918,122.16	731,173.95	1,566,778.27							
Unassigned	1,072,889.31	1,035,252.93	989,103.63	358,129.28	2,192,922.33	1,180,992.17	1,387,362.91	1,523,708.00	1,124,003.00	2,549,299.00
<b>Total General Fund</b>	<b>\$ 8,820,724.54</b>	<b>\$ 8,427,094.23</b>	<b>\$ 5,621,892.17</b>	<b>\$ 2,582,073.95</b>	<b>\$ 7,109,953.63</b>	<b>\$ 5,343,032.14</b>	<b>\$ 3,457,378.37</b>	<b>\$ 3,195,365.00</b>	<b>\$ 4,123,162.00</b>	<b>\$ 4,314,766.00</b>
All Other Governmental Funds:										
Reserved				\$ 1,672,991.00	\$ 1,595,000.00				\$ 1,161,067.00	\$ 37,000.00
Restricted for:										
Capital Projects Fund	\$ 1,108,933.43	\$ 1,277,933.43	\$ 3,327,190.53	3,624,853.18	771,000.00			\$ 202,679.00	245,061.00	156,370.00
Debt Service Fund	169,000.99	1.25	0.75	274,000.50	1.00	\$ 0.97	\$ 0.47	71,001.00	71,007.00	5,860.00
Unassigned:										
Special Revenue Fund	(10,230.00)	(10,230.00)	(10,230.00)	(10,230.00)	(10,230.00)	10,619.87	(11,279.55)	(11,280.00)	(11,280.00)	(11,280.00)
<b>Total All Other Governmental Funds</b>	<b>\$ 1,267,704.42</b>	<b>\$ 1,267,704.68</b>	<b>\$ 3,316,961.28</b>	<b>\$ 5,561,614.68</b>	<b>\$ 2,355,771.00</b>	<b>\$ 10,620.84</b>	<b>\$ (11,279.08)</b>	<b>\$ 262,400.00</b>	<b>\$ 1,465,855.00</b>	<b>\$ 187,950.00</b>

(1) In accordance with GASB 54, effective for the fiscal year ended June 30, 2011, the description and terminology utilized to identify fund balance was changed. See the notes to the financial statements.

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,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues:</b>										
Tax Levy	\$ 29,129,468.00	\$ 29,173,288.00	\$ 28,922,917.00	\$ 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
Other Local Revenue	441,598.15	427,082.47	829,707.72	1,080,917.24	1,849,878.03	302,491.15	451,077.97	431,136.18	338,771.80	174,406.18
State Sources	29,504,001.74	27,499,178.74	26,662,179.10	24,665,510.94	27,969,134.31	26,622,243.37	24,667,772.13	22,974,823.48	24,736,968.56	21,966,694.38
Federal Sources	1,705,157.65	2,299,179.93	2,306,554.15	5,685,603.26	1,487,176.85	1,631,636.44	1,400,346.42	1,612,309.23	1,203,879.40	1,096,210.22
Total Revenue	60,780,225.54	59,398,729.14	58,741,357.97	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
<b>Expenditures:</b>										
Instruction										
Regular Instruction	14,802,353.48	14,122,078.67	13,469,315.29	14,312,518.54	14,102,007.01	13,052,193.12	13,162,481.67	13,458,182.59	12,229,126.98	12,222,349.70
Special Education Instruction	7,828,659.01	6,658,925.40	7,515,955.95	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
Other Special Instruction	1,647,876.41	1,513,285.06	1,271,216.11	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
Other Instruction	83,385.89	80,099.62	49,136.36	107,338.55	107,698.68	99,940.44	97,499.34	132,647.25	200,441.90	180,307.50
Tuition	1,073,501.55	1,597,301.48	1,077,595.61	973,407.62	675,872.38	310,005.61	675,426.48	661,185.34	693,246.55	450,447.32
Support Services:										
Student and Instruction Related Services	5,200,649.03	4,927,340.62	4,671,434.98	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
School Administrative Services	1,773,367.97	1,733,063.13	1,717,604.08	1,821,310.50	1,761,907.42	1,737,516.99	1,688,980.89	1,672,987.69	2,002,717.28	1,699,771.84
Other Administrative Services	1,567,549.23	1,585,435.34	1,428,802.47	1,577,967.02	1,696,821.29	1,527,759.29	1,548,284.31	1,759,297.64	1,633,765.40	2,269,353.05
Plant Operations and Maintenance	3,459,950.21	3,280,615.91	3,404,653.96	3,817,166.16	3,908,487.06	3,463,828.42	3,800,617.25	3,154,704.38	3,121,536.34	2,891,563.82
Pupil Transportation	3,615,225.70	3,521,741.47	3,416,511.12	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
Unallocated Benefits	11,267,396.09	10,878,140.29	10,365,984.54	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
On-behalf of Pension and Social Security	4,983,140.53	4,000,535.91	3,309,608.37	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
Transfers to Charter School	855,139.00	1,112,099.00	1,237,362.00	1,815,653.00	1,597,496.00	1,192,085.00	1,199,199.71	1,185,346.60	1,020,021.42	840,007.00
Debt Service:										
Principal	1,579,000.00	1,574,000.00	2,504,000.00	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
Interest and Other Charges	307,146.26	385,212.50	561,030.75	491,652.50	576,429.97	688,472.50	796,437.50	894,227.00	776,226.06	1,142,620.00
Capital Outlay	278,789.99	1,652,447.90	1,941,101.82	2,638,324.88	728,580.45	684,497.06	874,209.97	1,520,860.55	3,294,931.49	384,077.76
Total Expenditures	60,313,130.35	58,622,322.30	57,941,313.41	62,375,180.36	58,112,308.42	55,036,430.04	54,355,722.63	52,267,223.17	51,034,059.78	44,309,584.93
Excess (Deficiency) of Revenues Over (Under) Expenditures	467,095.19	776,406.84	800,044.56	(1,306,013.92)	1,807,972.77	1,952,351.92	143,470.89	(2,020,789.28)	(804,349.02)	(804,349.02)
<b>Other Financing Sources (Uses):</b>										
Capital Leases (Non-budgeted)				16,370.64					1,948,417.00	48,990.00
Sale of Bonds										
Accounts Receivable/Payable Canceled	357.83	(5,461.38)	(4,879.74)	2,607.28	(5,001.12)	(3,498.23)	(105,137.59)	(25,461.99)	(57,766.72)	174,390.74
Transfers In										
Transfers Out	(73,822.97)	(15,000.00)		(85,000.00)	(56,900.00)	(41,300.00)	(761,742.52)	(85,000.00)		(253,910.74)
Total Other Financing Sources (Uses)	(73,465.14)	(20,461.38)	(4,879.74)	(16,022.08)	2,304,098.88	(44,798.23)	(155,137.59)	(110,461.99)	1,890,650.28	(30,530.00)
Net Change in Fund Balances	\$ 393,630.05	\$ 755,945.46	\$ 795,164.82	\$ (1,322,036.00)	\$ 4,112,071.65	\$ 1,907,553.69	\$ (11,666.70)	\$ (110,461.99)	\$ (130,139.00)	\$ (834,879.02)
Debt Service as a Percentage of Noncapital Expenditures	3.1%	3.4%	5.5%	4.7%	5.2%	5.6%	5.8%	6.0%	6.4%	7.1%

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*

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Rentals										
Prior Year Tuition Adjustments		\$ 400.00	\$ 4,356.34	\$ 4,808.43	\$ 6,149.69		\$ 8,368.75	\$ 6,887.71	\$ 968.50	
Jury Duty	\$ 30.00	15.00	55.00					1,838.00	29,482.49	\$ 4,621.69
Charter School Lease		12.72	17,340.38	27,587.00				250.00		705.00
Restitution										
Miscellaneous Fees/Photocopies										
Special Education-Medicaid Initiative (SEMI)										
Lost Book Fines		16.99	2,815.31	5,180.47	2,182.15				6,681.27	352.53
Miscellaneous Refunds	2,596.34									
Impact Aid										
Energy Credits	38,359.70	121,477.20	177,204.30							
Insurance Refunds	173.32	33,399.11								
Rebates	74,239.67	33,820.11	33,820.11	44,217.58	24,562.31	\$ 15,975.08	20,862.29	13,973.36		
Other	2,932.63	12,813.67	71,605.00	740,000.00	1,600,000.00	4,191.14	4,019.86	1,644.29		
FEIMA Reimbursement	34,366.41	2,093.30								
Sale of Board Assets			514.80							
Scrap/Salvage										
Service Fees	35,561.75	48,775.10								
Cancelation of Outstanding Checks	713.04		5,461.99		5,469.90	2,864.19	4,964.96	730.00		
Prior Year Refunds	2,825.00	20,253.76	264,601.36	71,238.16	45,490.68	13,955.38	16,197.71	9,779.43	609.20	30,100.06
Cancelation of Accounts Payable - State								61,579.67		
Interest Earned on Deposits	20,885.43	42,942.01	103,727.97	163,574.08	126,282.00	202,436.40	311,453.14	268,631.34	127,027.18	78,494.74
<b>Total Miscellaneous Revenues</b>	<b>\$ 212,683.29</b>	<b>\$ 282,198.86</b>	<b>\$ 676,040.57</b>	<b>\$ 1,062,067.71</b>	<b>\$ 1,810,136.73</b>	<b>\$ 239,422.19</b>	<b>\$ 365,866.71</b>	<b>\$ 365,313.80</b>	<b>\$ 170,725.18</b>	<b>\$ 130,424.18</b>

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)
2013	\$ 125,817,700.00	\$ 2,904,657,900.00	\$ 37,982,000.00	\$ 375,739,500.00	\$ 12,455,200.00	\$ 64,640,000.00	\$ 3,521,292,300.00	\$ 7,868,387.00	\$ 3,529,160,887.00	\$ 832,418,720.00	\$ 3,173,644,077.00	\$ 0.840
2012	129,441,200.00	2,965,724,000.00	36,956,800.00	391,367,700.00	15,808,000.00	71,190,000.00	3,610,487,700.00	8,862,297.00	3,619,349,997.00	836,050,320.00	3,382,204,070.00	0.806
2011	133,115,900.00	2,983,452,800.00	33,210,100.00	399,923,200.00	15,808,000.00	71,190,000.00	3,636,700,000.00	9,156,678.00	3,645,856,678.00	828,458,120.00	3,574,548,835.00	0.797
2010	136,668,800.00	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	1,596,689,100.00	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	1,513,502,900.00	14,202,100.00	178,623,200.00	11,426,300.00	40,396,300.00	1,826,386,100.00	6,184,397.00	1,832,570,497.00	418,935,100.00	2,998,315,603.00	1.445
2005	70,489,500.00	1,436,646,800.00	12,601,200.00	188,482,200.00	11,426,300.00	40,396,300.00	1,760,042,300.00	7,399,146.00	1,767,441,446.00	418,935,100.00	2,541,983,958.00	1.391
2004	75,366,800.00	1,367,780,400.00	13,009,800.00	189,449,500.00	11,426,300.00	40,396,300.00	1,697,429,200.00	9,059,375.00	1,706,482,575.00	320,415,500.00	2,098,994,558.00	1.352

(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	
2013	\$ 0.807	\$ 0.033	\$ 0.840	\$ 0.470	\$ 0.480	\$ 0.415	\$ 2.205
2012	0.773	0.033	0.806	0.45	0.45	0.35	2.054
2011	0.753	0.044	0.797	0.433	0.434	0.355	2.019
2010	0.745	0.049	0.794	0.437	0.409	0.329	1.969
2009	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

(1) Revaluation

Source: Municipal Tax Collector

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

Taxpayer	2013			2004		
	Taxable Assessed Value (1)	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Marriott Resorts, Inc.	\$ 47,902,400.00	1	1.36%	\$ 55,324,000.00	1	3.24%
JSM at Galloway	39,209,800.00	2	1.11%	19,464,300.00	3	1.14%
Galloway Apartments, LP	38,000,000.00	3	1.08%	24,499,500.00	2	1.44%
300 E. Jimmie Leeds Rd.	11,772,400.00	4	0.33%			
Galloway National Golf Club	11,699,000.00	5	0.33%	5,609,400.00	9	0.33%
Ole Hansen & Son Blue Heron	11,373,800.00	6	0.32%	12,812,500.00	4	0.75%
CNL Galloway, LLC	10,369,500.00	7	0.29%			
Galloway Health Care LP	10,000,000.00	8	0.28%	7,004,600.00	8	0.41%
BTR Tilton	9,205,200.00	9	0.26%			
Route 27 Acquisition LLC	7,275,000.00	10	0.21%			
K. Hovnanian				12,174,700.00	5	0.71%
NJ Bell Telephone				9,542,975.00	6	0.56%
Lenox				8,087,700.00	7	0.47%
Sunrise/Greenwood LLC				5,232,000.00	10	0.31%
<b>Total</b>	<b>\$ 196,807,100.00</b>		<b>5.58%</b>	<b>\$ 159,751,675.00</b>		<b>9.36%</b>

(1) Revaluation

Source: Municipal Tax Assessor

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

<u>Fiscal Year Ended June 30,</u>	<u>School District Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (1)</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2013	\$ 29,129,468.00	\$ 29,129,468.00	100.00%	-
2012	29,173,288.00	29,173,288.00	100.00%	-
2011	28,922,917.00	28,922,917.00	100.00%	-
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%	-

(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		
2013	\$ 6,014,000.00	-	\$ 4,578.54	-	-	\$ 6,018,578.54	Unavailable	Unavailable	
2012	7,593,000.00	-	7,994.99	-	-	7,600,994.99	0.61%	\$ 245.92	
2011	9,167,000.00	-	11,206.60	-	-	9,178,206.60	0.79%	313.07	
2010	11,671,000.00	-	14,225.69	-	\$	11,697,726.94	1.04%	395.56	
2009	14,016,000.00	-	416,711.60	-	36,100.25	14,468,811.85	1.04%	410.14	
2008	14,040,000.00	-	819,448.24	-	60,760.51	14,920,208.75	1.28%	489.04	
2007	16,370,000.00	-	1,208,678.58	-	6,262.29	17,584,940.87	1.53%	565.35	
2006	18,690,000.00	-	1,584,855.58	-	9,385.58	20,284,241.16	1.81%	642.97	
2005	20,830,000.00	-	1,948,417.00	-	12,216.37	22,790,633.37	1.91%	659.46	
2004	22,823,000.00	-	36,182.87	-	14,782.04	22,873,964.91			

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 2010 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)		
2013	\$ 6,014,000.00	-	\$ 6,014,000.00	0.17%	Unavailable
2012	7,593,000.00	-	7,593,000.00	0.21%	\$ 203.47
2011	9,167,000.00	-	9,167,000.00	0.25%	245.62
2010	11,671,000.00	-	11,671,000.00	0.32%	312.48
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

**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, 2012  
*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	\$ 7,593,000.00	\$ 7,593,000.00		
Greater Egg Harbor Regional High School District	22,346,724.60	22,346,724.60		
Galloway Township	36,903,321.45	13,579,433.70	\$ 23,323,887.75	\$ 23,323,887.75
	66,843,046.05	43,519,158.30	23,323,887.75	23,323,887.75
Overlapping Debt Apportioned to the Municipality:				
County of Atlantic: (2)				
General:				
Bonds	113,627,792.00	9,104,000.00 (3)	104,523,792.00	7,281,619.30 (5)
Bonds Issued by Other Public Bodies Guaranteed by the County	14,815,000.00	(4)	14,815,000.00	1,032,082.63 (5)
	128,442,792.00	9,104,000.00	119,338,792.00	8,313,701.93
	\$ 195,285,838.05	\$ 52,623,158.30	\$ 142,662,679.75	\$ 31,637,589.68

Sources:

- (1) 2012 Annual Debt Statement
  - (2) County's 2012 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 2012 Equalized Value, which is 6.97%.
- The source for this computation was the 2012 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*

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<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2012	37,318	Unavailable	Unavailable	12.2%
2011	37,322	\$ 1,502,658,364.00	\$ 40,262.00	11.5%
2010	37,364	1,485,069,544.00	39,746.00	10.8%
2009	36,578	1,396,365,150.00	38,175.00	10.7%
2008	36,378	1,432,201,860.00	39,370.00	6.6%
2007	35,958	1,379,025,258.00	38,351.00	5.4%
2006	35,879	1,323,002,246.00	36,874.00	5.2%
2005	35,446	1,260,176,192.00	35,552.00	4.5%
2004	34,686	1,194,655,212.00	34,442.00	4.9%
2003	34,055	1,138,356,485.00	33,427.00	4.0%

## 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*

	2013			2004		
	<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</u>
<u>Employer</u>						
Atlantic City Medical Center	3,500	1	18%	2,940	2	18%
Federal Aviation Administration	3,000	2	16%	3,000	1	18%
Richard Stockton College	840	3	4%	698	3	4%
Marriott Corporation / Marriott Country Club	550	4	3%	525	5	3%
Betty Bacharach Rehabilitation Center	525	5	3%	595	4	4%
Ole Hansen & Sons	400	6	2%			
Renault Winery	290	7	2%			
Village of Smithville	200	8	1%	225	9	1%
Blue Heron Pines	Unavailable	9		244	8	1%
Lenox China	Unavailable	10		498	6	3%
First Student				350	7	2%
	<u>9,305</u>		<u>48.58%</u>	<u>9,075</u>		<u>55.04%</u>

Source: Township of Galloway

## 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,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Instruction										
Regular	213	212	212	245	254	260	259	266	269	282
Special education	73	74	74	85	82	82	82	80	82	74
Other special education	29	29	30	30	27	26	25	27	27	27
Other instruction	22	22	23	38	40	47	47	47	49	49
Support Services:										
Student & instruction related services	70	70	70	18	18	18	19	18	19	19
General administrative services	3	3	3	32	32	32	32	32	35	35
School administrative services	23	23	23	15	15	15	15	15	15	16
Business administrative services	6	6	6	1	1	1	1	1	1	1
Plant operations and maintenance	47	47	46	46	46	45	45	45	41	41
Pupil transportation	2	2	2	2	2	2	2	2	2	2
Food Service	35	35	36	36	36	35	35	35	36	36
Community Education and Recreation	2	2	2	2	2	2	2	2	2	2
<b>Total</b>	<b>525</b>	<b>525</b>	<b>527</b>	<b>550</b>	<b>555</b>	<b>565</b>	<b>564</b>	<b>569</b>	<b>578</b>	<b>584</b>

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				
2013	3,528	\$ 58,148,194.10	\$ 16,481.91	23.52%	308	11.5/1	11.5/1	3,404.2	3,207.0	-2.81%	94.21%
2012	3,566	55,010,661.90	15,426.43	21.97%	308	11.6/1	11.6/1	3,432.4	3,285.4	-3.26%	95.72%
2011	3,618	52,935,180.84	14,631.06	24.26%	309	11.7/1	11.7/1	3,472.7	3,336.9	-5.65%	96.09%
2010	3,672	56,900,202.98	15,495.70	31.60%	335	11.0/1	11.0/1	3,502.7	3,348.7	-4.83%	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%

Sources: District Records

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

	Fiscal Year Ended June 30,									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>District Building</b>										
<b>Elementary</b>										
Arthur Rann (1965,1978,1984,1987)	71,531	71,531	71,531	71,531	71,531	71,531	71,531	71,531	71,521	71,531
Square Feet	740	740	740	740	740	740	740	740	740	740
Capacity (students)	654	657	645	627	624	638	651	655	616	598
Enrollment	n/a	n/a	n/a	16,838	16,838	16,838	16,838	16,838	16,838	16,838
Cologne (1930,1965)	n/a	n/a	demolished	closed	closed	closed	closed	closed	180	180
Square Feet	n/a	n/a	demolished	closed	closed	closed	closed	closed	174	166
Capacity (students)	demolished	demolished	demolished	closed	closed	closed	closed	closed	180	180
Enrollment	demolished	demolished	demolished	closed	closed	closed	closed	closed	174	166
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)	(A)	(A)	(A)	139	129	161	147	154	111	174
Enrollment	(A)	(A)	(A)	175	175	181	198	186	153	196
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)	92	72	94	185	175	181	198	186	153	196
Enrollment	92	72	94	185	175	181	198	186	153	196
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)	619	652	671	569	600	611	646	639	620	605
Enrollment	619	652	671	569	600	611	646	639	620	605
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)	546	552	539	559	580	583	568	602	554	573
Enrollment	546	552	539	559	580	583	568	602	554	573
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)	654	649	657	559	538	544	625	655	593	615
Enrollment	654	649	657	559	538	544	625	655	593	615
South Egg Harbor School (6625)	n/a	n/a	n/a	6,625	6,625	6,625	6,625	6,625	92,211	92,211
Square Feet	n/a	n/a	n/a	105	105	105	105	105	105	105
Capacity (students)	demolished	demolished	demolished	closed	closed	closed	closed	closed	51	76
Enrollment	demolished	demolished	demolished	closed	closed	closed	closed	closed	51	76
<b>Middle School</b>										
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)	824	832	872	866	908	949	965	987	982	970
Enrollment	824	832	872	866	908	949	965	987	982	970
Number of Schools at June 30, 2013	Elementary = 5									
	Middle School = 1									
	High School = 0									
	Other = 2 buildings demolished and 1 utilized for maintenance.									

(A) Oceanville building is being utilized for the maintenance department.  
 Source: District Records

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

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

* School Facilities	Project # (s)	Fiscal Year Ended June 30,									
		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Galloway Middle School	016	\$ 138,173.42	\$ 152,947.57	\$ 124,586.25	\$ 144,496.55	\$ 189,678.28	\$ 138,524.04	\$ 126,446.90	\$ 122,446.00	\$ 104,425.18	\$ 90,994.99
Arthur Rann	015	181,122.02	93,317.82	97,108.03	147,195.11	91,357.14	76,373.09	89,418.72	71,919.00	94,289.66	71,889.56
Cologne	020	282.83	682.13	10,321.69	6,504.57	27,847.90	17,275.69	17,688.46	14,944.00	22,601.73	24,551.18
Oceanville	030	26,670.39	19,698.10	43,920.87	25,149.50	72,861.33	50,511.49	57,956.93	49,846.00	34,369.01	33,521.28
Pomona	040	47,408.07	76,945.63	55,073.91	46,401.46	71,162.41	31,470.15	31,196.97	27,552.00	44,269.07	28,992.95
Reeds Road	045	94,582.88	115,698.26	108,952.70	107,620.10	129,005.90	81,877.77	63,539.19	80,828.00	100,499.04	86,885.60
Roland Rogers	046	108,730.93	118,236.54	96,231.34	97,013.28	233,714.01	141,425.24	131,088.51	125,857.00	97,812.30	78,581.60
Smithville	048	103,708.04	112,854.03	79,777.81	147,858.27	106,342.92	114,767.36	122,736.57	103,670.00	80,899.64	64,925.52
South Egg Harbor	050	646.46	642.01	3,889.70	516.35	12,902.19	5,435.44	9,401.50	3,996.00	18,828.75	17,133.73
Administration	999	42,411.81	53,548.50	81,000.32	89,603.25	129,695.09	37,736.48	29,326.30	15,757.00	11,976.05	17,321.09
<b>Total School Facilities</b>		<b>743,736.85</b>	<b>744,570.59</b>	<b>700,862.62</b>	<b>812,358.44</b>	<b>1,064,567.17</b>	<b>695,396.75</b>	<b>678,800.05</b>	<b>616,815.00</b>	<b>609,970.43</b>	<b>514,797.50</b>
Other Facilities		-	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>		<b>\$ 743,736.85</b>	<b>\$ 744,570.59</b>	<b>\$ 700,862.62</b>	<b>\$ 812,358.44</b>	<b>\$ 1,064,567.17</b>	<b>\$ 695,396.75</b>	<b>\$ 678,800.05</b>	<b>\$ 616,815.00</b>	<b>\$ 609,970.43</b>	<b>\$ 514,797.50</b>

\* 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, 2013

Unaudited

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		<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	
Enviornmental Impairment	(A)	1,000,000.00	10,000.00
Public Employees Dishonesty: Aggregate		500,000.00	1,000.00
Student Accident Policy:			
Student Accident		500,000.00	
Selective Insurance Company Bond:			
School Business Administrator		297,000.00	

(A) Per Occurance

(B) Aggregate

Source: District Records

SINGLE AUDIT SECTION

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

**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

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

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, 2013. The School District's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Administration and 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the School District's compliance.

***Opinion on Each Major Federal and State Program***

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

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

Management of the Township of Galloway School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*Daniel M. DiGangi*

Daniel M. DiGangi  
Certified Public Accountant  
Public School Accountant No. CS 002376

Voorhees, New Jersey  
October 14, 2013

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
Schedule of Expenditures of Federal Awards, Schedule A  
For the Fiscal Year Ended June 30, 2013

<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, 2012</u>	<u>Carry-over</u> <u>Amount</u>
				<u>From</u>	<u>To</u>		
<b>General Fund</b>							
U.S. Department of Health and Human Services:							
Passed-through the State Department of Education:							
Educational Job Fund	84.410A	N/A	\$ 821,385.00	8-10-10	9-30-12		
Special Education -- Medicaid Initiative	93.778	N/A	133,804.86	7-1-11	6-30-12	\$ (28,073.80)	
Special Education -- Medicaid Initiative	93.778	N/A	70,470.21	7-1-12	6-30-13		
Special Education -- Medicaid Administrative Claiming Aid	93.778	N/A	11,428.49	7-1-12	6-30-13		
U.S. Department of Homeland Security:							
Federal Emergency Management Aid	97.11	N/A	34,366.41	7-1-12	6-30-13		
Total General Fund						<u>(28,073.80)</u>	<u>-</u>
<b>Special Revenue Fund</b>							
U.S. Department of Education:							
Passed-through State Department of Education:							
I.A.S.A.:							
Title I	84.010A	IASA169012	450,475.00	9-1-11	8-31-12	(60,557.06)	\$ (122,401.00)
Title I	84.010A	IASA169013	460,655.00	9-1-12	8-31-13		122,401.00
ARRA - Title I	84.389A	IASA169010	283,578.00	7-1-09	8-31-11	(16.00)	
Title II Part A	84.367A	IASA169012	79,151.00	9-1-11	8-31-12	(14,718.88)	
Title II Part A	84.367A	IASA169013	67,248.00	9-1-12	8-31-13		
Title II Part D	84.318X	IASA169011	46.00	9-1-11	8-31-12	4.00	
Title III	84.365A	IASA169012	40,650.00	9-1-11	8-31-12	(22,894.48)	(2,748.00)
Title III	84.365A	IASA169013	42,567.00	9-1-12	8-31-13		2,748.00
Title IV	84.186A	IASA169011	2,507.00	9-1-10	8-31-11	145.40	
I.D.E.A. Part B:							
Basic & Capacity	84.027	FT169012	902,500.00	9-1-11	8-31-12	(50,855.08)	(107,483.00)
Basic & Capacity	84.027	FT169013	878,807.00	9-1-12	8-31-13		107,483.00
Pre-School	84.173	PS169012	38,347.00	9-1-11	8-31-12	(3,937.41)	
Pre-School	84.173	PS169013	38,008.00	9-1-12	8-31-13		
Race to the Top	84.413A	B413A120008	35,876.00	9-1-11	11-30-15		
Total Special Revenue Fund						<u>(152,829.51)</u>	<u>-</u>
<b>Enterprise Fund</b>							
U.S. Department of Agriculture:							
Food Distribution Program	10.555	Unavailable	120,932.45	7-1-11	6-30-12	7,154.46	
Food Distribution Program	10.555	Unavailable	69,040.34	7-1-12	6-30-13		
Passed-through State Department of Education:							
School Breakfast Program	10.553	Unavailable	138,212.51	7-1-11	6-30-12	(6,075.47)	
School Breakfast Program	10.553	Unavailable	175,386.38	7-1-12	6-30-13		
National School Lunch Program	10.555	Unavailable	734,070.04	7-1-11	6-30-12	(30,851.78)	
National School Lunch Program	10.555	Unavailable	771,249.68	7-1-12	6-30-13		
Total Enterprise Fund						<u>(29,772.79)</u>	<u>-</u>
Total Federal Financial Assistance						<u>\$ (210,676.10)</u>	<u>-</u>

(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 <u>Received</u>	<u>Adjustments (A)</u>	Budgetary <u>Expenditures</u>	Repayment of Prior Years' <u>Balances</u>	Balance June 30, 2013		<u>Due to Grantor</u>
				<u>Accounts Receivable</u>	<u>Unearned Revenue</u>	
\$ 28,073.80		\$ 2,045.00		\$ (2,045.00)		
70,470.21		70,470.21				
11,428.49		11,428.49				
<u>34,366.41</u>		<u>34,366.41</u>				
<u>144,338.91</u>	<u>-</u>	<u>118,310.11</u>	<u>-</u>	<u>(2,045.00)</u>	<u>-</u>	<u>-</u>
210,600.00	\$ (0.12)	27,641.82			\$ 168,219.33	
351,508.00		537,237.67		(231,548.00)		
16.00						
14,775.00	(56.12)					
64,479.00	(0.36)	78,003.44		(21,767.00)	8,242.20	
42.00	(4.00)	42.00				
41,520.00	(0.79)	15,876.73				
19,045.00	(150.23)	25,173.98		(26,270.00)	22,738.79	
	(145.40)					
249,679.00	(100.85)	91,240.07				
294,700.00		790,613.78		(691,590.00)	303,159.22	
3,938.00	(0.59)					
14,716.00		20,134.09		(35,676.00)	30,257.91	
35,806.00		35,806.00		(70.00)	70.00	
<u>1,300,824.00</u>	<u>(458.46)</u>	<u>1,621,769.58</u>	<u>-</u>	<u>(1,006,921.00)</u>	<u>532,687.45</u>	<u>-</u>
69,040.34		7,154.46			4,524.41	
		64,515.93				
6,075.47						
162,335.99		175,386.38		(13,050.39)		
30,851.78						
717,200.18		771,249.68		(54,049.50)		
<u>985,503.76</u>	<u>-</u>	<u>1,018,306.45</u>	<u>-</u>	<u>(67,099.89)</u>	<u>4,524.41</u>	<u>-</u>
<u>\$ 2,430,666.67</u>	<u>\$ (458.46)</u>	<u>\$ 2,758,386.14</u>	<u>-</u>	<u>\$ (1,076,065.89)</u>	<u>\$ 537,211.86</u>	<u>-</u>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Schedule of Expenditures of State Financial Assistance, Schedule B  
 For the Fiscal Year Ended June 30, 2013

<u>State Grantor/ Program Title</u>	<u>State Project Number</u>	<u>Award Amount</u>	<u>Required Match</u>	<u>Grant Period</u>		<u>Balance at June 30, 2012</u>	
				<u>From</u>	<u>To</u>	<u>Unearned Revenue / Accounts Receivable</u>	<u>Due to Grantor</u>
State Department of Education:							
General Fund:							
Special Education Aid	12-495-034-5120-089	\$ 1,852,203.00	n/a	7-1-11	6-30-12	\$ (176,151.13)	
Special Education Aid	13-495-034-5120-089	1,954,007.00	n/a	7-1-12	6-30-13		
Equalization Aid	12-495-034-5120-078	19,752,285.00	n/a	7-1-11	6-30-12	(1,878,512.95)	
Equalization Aid	13-495-034-5120-078	20,280,900.00	n/a	7-1-12	6-30-13		
Security Aid	12-495-034-5120-084	670,016.00	n/a	7-1-11	6-30-12	(63,720.92)	
Security Aid	13-495-034-5120-084	706,428.00	n/a	7-1-12	6-30-13		
Transportation Aid	13-495-034-5120-014	329,717.00	n/a	7-1-12	6-30-13		
Non-Public Transportation Aid	12-495-034-5120-014	41,064.00	n/a	7-1-11	6-30-12	(41,064.00)	
Non-Public Transportation Aid	13-495-034-5120-014	43,674.00	n/a	7-1-12	6-30-13		
Extraordinary Aid	12-100-034-5120-473	253,019.00	n/a	7-1-11	6-30-12	(253,019.00)	
Extraordinary Aid	13-100-034-5120-473	237,268.00	n/a	7-1-12	6-30-13		
Homeless Tuition Aid	12-495-034-5120-005	10,267.00	n/a	7-1-11	6-30-12	(10,267.00)	
T.P.A.F. Social Security Aid	12-495-034-5095-002	1,729,958.91	n/a	7-1-11	6-30-12	(87,345.56)	
T.P.A.F. Social Security Aid	13-495-034-5095-002	1,798,791.53	n/a	7-1-12	6-30-13	-	
<b>Total General Fund</b>						<b>(2,510,080.56)</b>	<b>-</b>
Special Revenue Fund:							
Nonpublic Aid:							
Nursing Services	12-100-034-5120-070	40,426.00	n/a	7-1-11	6-30-12		\$ 61.13
Nursing Services	13-100-034-5120-070	42,684.00	n/a	7-1-12	6-30-13		
Textbook Aid (Ch. 194)	12-100-034-5120-064	28,302.00	n/a	7-1-11	6-30-12		3,916.73
Textbook Aid (Ch. 194)	13-100-034-5120-064	30,752.00	n/a	7-1-12	6-30-13		
Technology	13-100-034-5120-373	11,350.00	n/a	7-1-12	6-30-13		
Auxiliary Services (Ch. 192)							
Compensatory Education	13-100-034-5120-067	74,579.00	n/a	7-1-12	6-30-13		
Handicapped Services (Ch. 193)							
Corrective Speech	13-100-034-5120-066	14,843.00	n/a	7-1-12	6-30-13		
Supplementary Instruction	12-100-034-5120-066	26,658.00	n/a	7-1-11	6-30-12		5,440.22
Supplementary Instruction	13-100-034-5120-066	21,786.00	n/a	7-1-12	6-30-13		
Examination and Classification	12-100-034-5120-066	36,714.00	n/a	7-1-11	6-30-12		1,200.00
Examination and Classification	13-100-034-5120-066	60,018.00	n/a	7-1-12	6-30-13		
Inclusive Schools Climate Initiative	Unknown	2,500.00	n/a	7-1-11	6-30-12	52.09	
Inclusive Schools Climate Initiative	Unknown	2,500.00	n/a	7-1-12	6-30-13		
Preschool Education Aid	12-495-034-5120-086	102,300.00	n/a	7-1-11	6-30-12	(10,230.00)	
Preschool Education Aid	13-495-034-5120-086	102,300.00	\$ 10,176.00	7-1-12	6-30-13		
<b>Total Special Revenue Fund</b>						<b>(10,177.91)</b>	<b>10,618.08</b>
Capital Projects Fund:							
School Development Authority	1690-045-09-1003	807,059.00	2,073,803.00	7-1-09	Completion	521,858.20	-
Debt Service Fund:							
School Construction Debt Service Aid	13-495-034-5120-075	732,178.00	n/a	7-1-12	6-30-13	-	-
Enterprise Fund:							
State School Lunch Aid	12-100-010-3350-023	19,615.38	n/a	7-1-11	6-30-12	(818.82)	
State School Lunch Aid	13-100-010-3350-023	19,832.12	n/a	7-1-12	6-30-13		
<b>Total Enterprise Fund</b>						<b>(818.82)</b>	<b>-</b>
<b>Total State Financial Assistance</b>						<b>\$ (1,999,219.09)</b>	<b>\$ 10,618.08</b>

(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, 2013			Memo	
				Accounts Receivable	Unearned Revenue / Interfund Payable	Due to Grantor	Budgetary Receivable June 30, 2013	Cumulative Total Expenditures
\$ 176,151.13								
1,769,389.56		\$ 1,954,007.00		\$ (184,617.44)			\$ (184,617.44)	\$ 1,954,007.00
1,878,512.95								
18,364,730.93		20,280,900.00		(1,916,169.07)			(1,916,169.07)	20,280,900.00
63,720.92								
639,683.65		706,428.00		(66,744.35)			(66,744.35)	706,428.00
298,564.86		329,717.00		(31,152.14)			(31,152.14)	329,717.00
41,064.00								
		43,674.00		(43,674.00)				43,674.00
253,019.00								
		237,268.00		(237,268.00)				237,268.00
10,267.00								
87,345.56								
1,709,484.22		1,798,791.53		(89,307.31)				1,798,791.53
<u>25,291,933.78</u>	<u>-</u>	<u>25,350,785.53</u>	<u>-</u>	<u>(2,568,932.31)</u>	<u>-</u>	<u>-</u>	<u>(2,198,683.00)</u>	<u>25,350,785.53</u>
42,684.00	\$ (0.13)	42,643.48	\$ 61.00			\$ 40.52		42,643.48
	0.27		3,917.00					
30,752.00		29,178.02				1,573.98		29,178.02
11,350.00		10,109.00				1,241.00		10,109.00
74,579.00		65,442.20				9,136.80		65,442.20
14,843.00		14,843.00						14,843.00
	(0.22)		5,440.00					
21,786.00		19,924.49				1,861.51		19,924.49
			1,200.00					
60,018.00		30,236.27				29,781.73		30,236.27
		52.09						2,500.00
2,500.00		2,258.66			\$ 241.34			2,258.66
10,230.00								
102,246.00		112,476.00		(10,230.00)			(10,230.00)	112,476.00
<u>370,988.00</u>	<u>(0.08)</u>	<u>327,163.21</u>	<u>10,618.00</u>	<u>(10,230.00)</u>	<u>241.34</u>	<u>43,635.54</u>	<u>(10,230.00)</u>	<u>329,611.12</u>
-	-	-	-	(40,352.95)	562,211.15	-	-	2,318,650.85
732,178.00	-	732,178.00	-	-	-	-	-	732,178.00
818.82								
18,538.34		19,832.12		(1,293.78)				18,538.34
19,357.16	-	19,832.12	-	(1,293.78)	-	-	-	18,538.34
<u>\$ 26,414,456.94</u>	<u>\$ (0.08)</u>	<u>\$ 26,429,958.86</u>	<u>\$ 10,618.00</u>	<u>\$ (2,620,809.04)</u>	<u>\$ 562,452.49</u>	<u>\$ 43,635.54</u>	<u>\$ (2,208,913.00)</u>	<u>\$ 28,749,763.84</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, 2013

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**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 is 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 more June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile revenues from the budgetary basis to the GAAP basis is (\$80,298.00) for the general fund and (\$555.63) for the special revenue fund. There is no adjustment to reconcile expenditures from the budgetary basis to the GAAP basis for the general fund and net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is (\$555.63) 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	\$ 118,310.11	\$ 25,270,487.53	\$ 25,388,797.64
Special Revenue	1,621,213.95	327,163.21	1,948,377.16
Debt Service		732,178.00	732,178.00
Food Service	<u>1,018,306.45</u>	<u>19,832.12</u>	<u>1,038,138.57</u>
Total Awards and Financial Assistance	<u>\$ 2,757,830.51</u>	<u>\$ 26,349,660.86</u>	<u>\$ 29,107,491.37</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" represent rounding adjustments and grant balance cancellations.

**Note 6: OTHER**

Revenues and expenditures reported under the food distribution program represent current year value received and current year distribution, respectively. TPAF social security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2013.

**Note 7: MAJOR PROGRAMS**

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

**GALLOWAY TOWNSHIP SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2013**

**Section 1- Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified?      yes   X   no

Significant deficiency(ies) identified?      yes   X   none reported

Noncompliance material to financial statements noted?      yes   X   no

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?      yes   X   no

Significant deficiency(ies) identified?      yes   X   none reported

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

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

Identification of major programs:

<b><u>CFDA Number(s)</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
84.010A	Title I
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	Food Distribution Program

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

Auditee qualified as low-risk auditee?   X   yes      no

**GALLOWAY TOWNSHIP SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2013**

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

**State Financial Assistance**

Internal control over major programs:

Material weakness(es) identified? \_\_\_ yes X no

Significant deficiency(ies) identified? \_\_\_ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 or New Jersey Circular 04-04-OMB? \_\_\_ yes X no

Identification of major programs:

<b><u>GMIS Number(s)</u></b>	<b><u>Name of State Program</u></b>
13-495-034-5120-089	State Aid Public - Special Education Aid
13-495-034-5120-078	State Aid Public - Equalization Aid
13-495-034-5120-084	State Aid Public - Security Aid
13-495-034-5095-002	T.P.A.F. Social Security Aid

Dollar threshold used to determine Type A programs \$ 792,899.00

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, 2013

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***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 Administration and 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, 2013

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***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, 2013

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***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

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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**

None.

