

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



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

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INTRODUCTORY SECTION

PENNSAUKEN PUBLIC SCHOOLS

1695 Hylton Road
Pennsauken NJ 08110
(856) 662-8505 FAX (856) 663-5865

December 4, 2013

Honorable President and
Members of the Board of Education
Pennsauken Township School District
1695 Hylton Road
Pennsauken, New Jersey 08110

Dear Board Members:

The comprehensive annual financial report of the Pennsauken School System for the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. 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 of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included:

Our comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes the following:

- Transmittal Letter
- District's Organizational Chart
- List of Principal Officials

The financial section includes:

- Basic Financial Statements, Fund Statements and Schedules
- Auditor's Reports

The statistical section includes:

- Selected Financial and Demographic Information presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the 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. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORT ENTITY AND ITS SERVICES:

The Pennsauken School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No.3. All funds of the District are included in this report.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular and classified students Pre-K through 12. The District enrollment for the 2012-2013 school year was 5,245. This was a decrease of 138 students over the enrollment for 2011-2012. Student enrollment counts for the past ten years as reported on the ASSA are detailed below:

<u>YEAR</u>	<u>STUDENT ENROLLMENT</u>	<u>PERCENT CHANGE</u>
2012-13	5245	(2.56%)
2011-12	5383	(1.68%)
2010-11	5475	(.09%)
2009-10	5480	.07%
2008-09	5476	(.81%)
2007-08	5521	(2.24%)
2006-07	5648	(2.01%)
2005-06	5764	(2.70%)
2004-05	5924	(0.65%)
2003-04	5963	(2.80%)

2) ECONOMIC CONDITION AND OUTLOOK:

A facilities committee composed of township residents and school personnel reviewed the district's facilities needs and recommended that the Board of Education conduct a feasibility study. A feasibility study was completed by Duca/Huder & Kumlin Associates in February 1997. The Board of Education engaged The Vitetta Group for architectural services and reviewed building program options. A comprehensive building program proposal was developed by the board of education. The plan included a major addition to Fine School, a new elementary school, a new intermediate school and an addition to the high school. The voters of Pennsauken approved the \$ 38.7 million plan on September 24, 1998. The project was finally completed by September 2002.

At the end of the 2006-2007 school year the Central Elementary School was closed and students redistricted to other schools throughout the district. The school district's Long Range Facilities Plan was updated to reflect this change. The Board of Education is currently reviewing facility options with the focus on replacing the Central Elementary School. During the 2008-2009 school year, the Board of Education retained an Architect of Record, with plans presented and approved by the Department of Education. A referendum was held on September 29, 2009 and was not approved by the voters. The Board of Education is currently reviewing the project and will decide on a future referendum date.

2) ECONOMIC CONDITION AND OUTLOOK (CONT'D):

Residential real estate sales in Pennsauken have slowed in the past year as has been the trend throughout the nation. Development projects at the Pennsauken Mart sites are still in the planning phases. Pennsauken's residential community has reflected a moderate change. The Hispanic, Asian and Black populations continue to significantly increase.

3) MAJOR INITIATIVES:

The Pennsauken School District is evolving. Our community and our student population are greatly diverse. The district's initiatives reflect a renewed vision and articulate the next chapter in the laudable history of the Pennsauken School District. This direction aims at embracing and uplifting the assets of its diverse school community and taking advantage of the new opportunities as they appear.

The Pennsauken Board of Education laid the foundation for progress by adopting a new Vision, Mission, and Belief Statements in the spring of 2012. All efforts toward improvement continue undergirded and guided by these statements. They keep us all focus on our one, true purpose: student success – academically, socially, locally, and globally.

The initiatives detailed in this document are ambitious, but achievable. We seek input from all stakeholders to review, revise, and commit to full realization of them. We owe our students and ourselves our most dedicated work. Through collaborative effort, we can and will be a district *Soaring to New Heights*.

The Pennsauken Schools' vision is to foster diversity and talent as well as prepare students with the knowledge, higher-order thinking skills, and communication readiness for college, career, and workforce success. In partnership with parents and community stakeholders, our mission to provide continuous student academic improvement for the pursuit of life-long learning and happiness. The Pennsauken Public Schools' Belief Statements are the following:

Potential: The district believes that all students have great potential to become innovators of the next generation. It is our responsibility to educate all students to their fullest potential and to foster an expectation for high performance. This requires adopting a positive attitude that drives the belief that with a high-quality education and appropriate supports, students can be successful regardless of circumstances.

Diversity: The district believes that our strength is in our diversity. Diversity enhances learning. The individuality and uniqueness of all school community members will be fostered and celebrated.

Accountability: The district will make all decisions in the best interests of all students by aligning our vision and mission with policies, budgets, guidelines, curricula, and district performance data. Students should be afforded a highly effective educator in each classroom, differentiated instruction, and alternative ways of learning. We believe that the current disparity in academic performance between different groups of students can and must be eliminated.

3) MAJOR INITIATIVES (CONT'D):

Responsiveness: The district believes that communicating consistently with respect and honesty builds relational trust. Mutual trust fuels responsiveness that focuses appropriately to address the needs of each school community member. The district should be responsive to the needs of students in an evolving educational world and society.

Our major educational initiatives will continue to be:

1. Developing a highly qualified staff;
2. Creating a positive school climate and culture
3. Sustaining school safety and security
4. Differentiating Instruction
5. Implementing 21st Century Technology
6. Providing College & Career Awareness Programs to all Students

Each school has developed a plan of action to implement these initiatives. Teachers are encouraged to participate in our comprehensive staff development courses that focus on strategies that will help them improve student academic learning outcomes. All professional development is aligned with the district's initiatives.

This year, the administration is working with school administration to use data more effectively and assess student progress and instructional programs. Professional development includes the following data: NJ ASK, benchmarks, student enrollment, violence and vandalism, trend data, attendance, truancy, tardiness, suspensions, report cards, special education inclusion student progress, and afterschool programs.

Since December 2011, the administration staff and Board of Education have discussed student achievement data analysis including NJASK/HSPA, SAT, AP, Science, Scantron Benchmarks; and Reading Levels. During the summer 2013, the administration presented the school board with the NJ School Performance Data for college and career readiness, and the need for sustaining alternative education programs.

Currently, the district is collaborating with Camden County College. The administration is working with them in seeking Perkins Grant Funds and certification of career tech education programs. Together they will offer an early childhood program and business entrepreneurship program to high school students.

In an effort to increase and communicate high expectations for greater positive student behavior, the district continues to implement the Student Code of Conduct in collaboration with district staff, parents and students. The administration is consistent with its high expectations for positive student behavior particularly to decrease violence incidences and to increase student daily attendance and improve particularly high school achievement.

3) MAJOR INITIATIVES (CONT'D):

During the spring and summer, staff were trained in the Masonic Model for Intervention and Referral Services, a state mandated system of clearly defined steps that are taken to assist a struggling student in improving educational outcomes. We want to provide additional resources and support for students' social wellbeing. Therefore, we have also expanded character education from only elementary level to K through 8th grades and adding high school programs.

Also, the district is working with the department of education to further align the Career and Technology Education programs with the NJ State's Plan. The Pennsauken High School has terrific related arts program. However, our aim is to gain accreditation for certificated program to increase student college and career readiness.

Additionally, this year, the district expanded the middle and high school STEM (Science, Technology, Engineering, Math) programs through partnerships with Rowan University and other community organizations. High school students and science teachers worked with the Smithsonian Institute and NASA in creating experiments that were launched in space. Through this partnership, middle school students were able to view and ask questions to astronauts in outer space. Through the expansion and improvement of technology, teachers at school levels are integrating the use of classroom wireless computer carts, smart boards, and Promethean boards in their classroom instruction. Ultimately, it is our aim to strengthen and support are teaching staff with state of the arts equipment that will help prepare and engage students in 21st Century learning.

Lastly, it is with great zeal and passion that the district administration seeks to empower teachers to teach with the highest of expectations to encourage, foster and promote maximum student potential. Together, we will work to make decisions that greatly benefit all of our children.

4) INTERNAL ACCOUNTING CONTROLS:

Management of the Pennsauken Township School 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 statement 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.

4) INTERNAL ACCOUNTING CONTROLS (CONT'D):

As a recipient of federal and state financial assistance, the Pennsauken Township School 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 Pennsauken Township School 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 controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriate budgets are adopted for the general fund, the special revenue fund, and the debt service fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

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

6) ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect 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. These funds 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 1. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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.

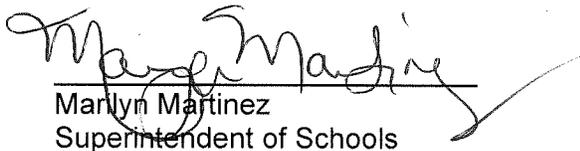
9) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accounts 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 set forth in state statutes, the audit also was designed to meet the requirements of OMB Circular A-133 and State of New Jersey Circular 04-04-OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the single audit section of this report.

10) ACKNOWLEDGMENTS:

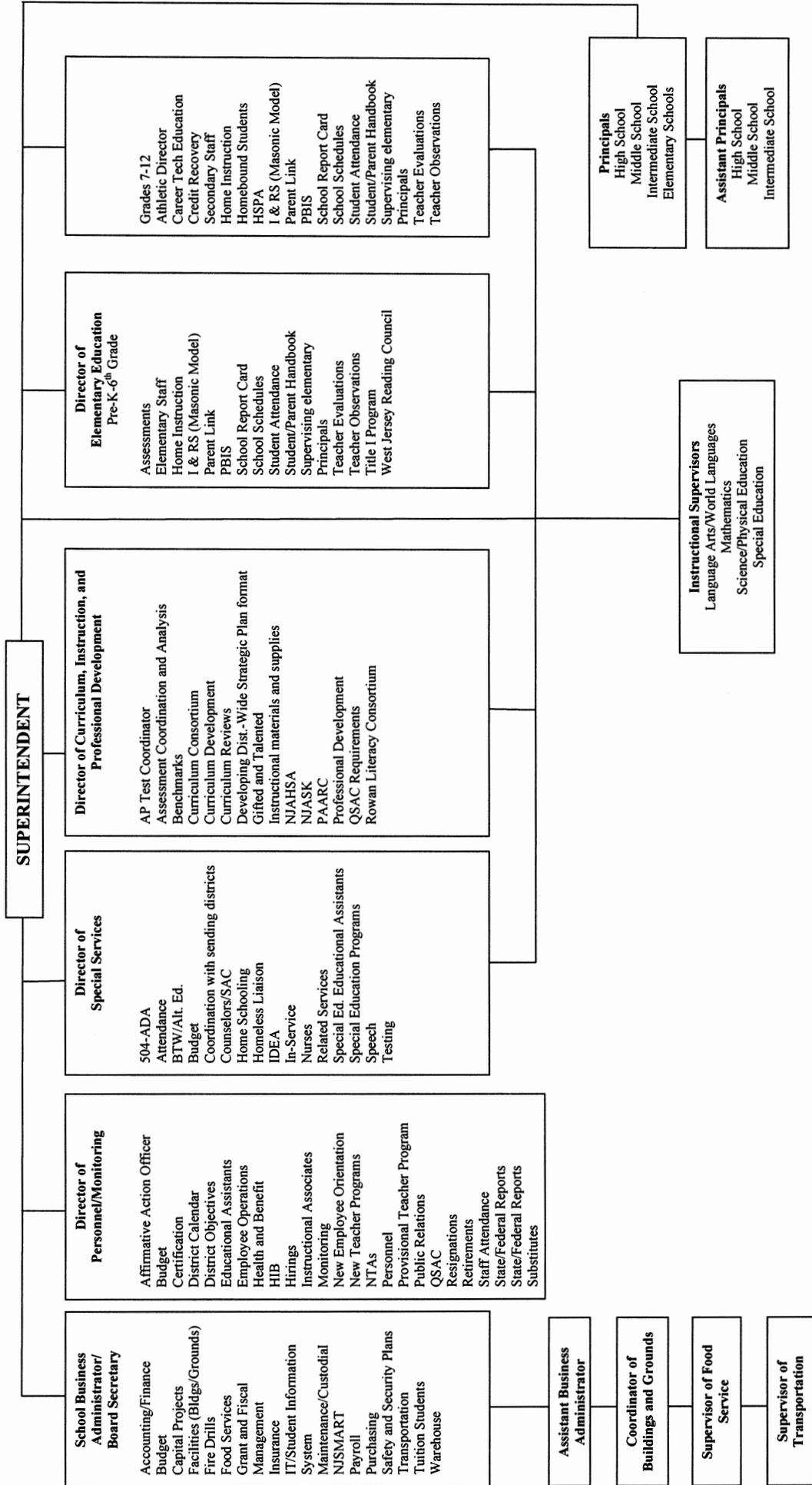
We would like to express our sincerest appreciation to the members of the Pennsauken Board of Education for their leadership in providing fiscal accountability to implement a higher quality educational program that benefits all students. They are recognized for demonstrating fiscal accountability that acknowledges students, families and residents of the Pennsauken community.

Respectfully submitted,


Marilyn Martinez
Superintendent of Schools


Celeste Ricketts
School Business Administrator/
Board Secretary

PENNSAUKEN PUBLIC SCHOOLS: ORGANIZATIONAL FLOW CHART OF ACTIVITIES



PENNSAUKEN BOARD OF EDUCATION

PENNSAUKEN, NEW JERSEY

ROSTER OF OFFICIALS

June 2013

MEMBERS OF THE BOARD OF EDUCATION	<u>TERM</u>
Danny O'Brien, President	2014
Dung Nguyen, Vice-President	2015
Michael E. Stargell	2013
Bernhard H. Kofoet	2013
Matthew McDevitt	2013
Dr. Allyson Meloni	2014
Carlos Rodriguez	2015
Richard Brown	2015
Stephanie James-Wilson	2014

OTHER OFFICIALS

Marilyn Martinez, Superintendent of Schools

Celeste Ricketts, School Business Administrator/Board Secretary

Walter Nicgorski, Treasurer of School Monies

Frank Piarulli, Solicitor

PENNSAUKEN BOARD OF EDUCATION

PENNSAUKEN, NEW JERSEY

CONSULTANTS AND ADVISORS

Audit Firm

Bowman & Company, LLP
601 White Horse Road
Voorhees, New Jersey 08043

Attorney

Frank Piarulli, Esq.
8-10 North Maple Ave.
Marlton, New Jersey 08053

Official Depositories

Beneficial Bank
2501 Merchantville Avenue
Pennsauken, New Jersey 08110

State of New Jersey
Cash Management Fund
Harborside Financial Center
Jersey City, New Jersey 07311

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of Pennsauken
County of Camden
Pennsauken, New Jersey 08110

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 Pennsauken School District, in the County of Camden, 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 Pennsauken School District in the County of Camden, 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 Pennsauken 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 December 4, 2013 on our consideration of the Township of Pennsauken 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 Pennsauken 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
December 4, 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 Pennsauken School District
County of Camden
Pennsauken, New Jersey 08110

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 Pennsauken School District, in the County of Camden, 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 December 4, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Pennsauken 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 Pennsauken 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Pennsauken 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 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 and which are described in the accompanying Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance as finding numbers 2013-1 and 2013-2.

The Township of Pennsauken School District's Response to Findings

The Township of Pennsauken School District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
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Voorhees, New Jersey
December 4, 2013

REQUIRED SUPPLEMENTARY INFORMATION
PART I

PENNSAUKEN TOWNSHIP SCHOOL DISTRICT

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

As management of the Township of Pennsauken School District, we offer readers of the Township of Pennsauken School District's financial statements this narrative overview and analysis of the financial activities of the Township of Pennsauken School District for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the Township of Pennsauken 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 Township of Pennsauken School District's financial performance.

Financial Highlights

- The assets of the Township of Pennsauken School District exceeded its liabilities at the close of the most recent fiscal year by \$36,680,159 (net position).
- The Township of Pennsauken School District's total net position increased by \$4,039,855 from July 1, 2012.
- As of the close of the current fiscal year, the Township of Pennsauken School District's governmental funds reported combined ending fund balances of \$17,014,277 a decrease of \$313,357 in comparison with the prior year.
- At the end of the current fiscal year, there was no unassigned fund balance for the general fund which remained the same compared to the prior year's unassigned fund balance.
- The Township of Pennsauken School District's total debt decreased by \$3,040,000 as a result of budgeted debt payments.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township of Pennsauken School District's basic financial statements. The Township of Pennsauken 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 Township of Pennsauken School District's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the Township of Pennsauken 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).

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

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

District-wide financial statements (Cont'd): Both of the district-wide financial statements distinguish functions of the Township of Pennsauken 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). The governmental activities of the Township of Pennsauken School District include the education of students in grades Pre-K through 12 at the Township of Pennsauken School District's twelve schools. The business-type activities of the Township of Pennsauken School District include a food service 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 Township of Pennsauken 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 Township of Pennsauken School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds: Most of the Township of Pennsauken 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 Township of Pennsauken 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 Township of Pennsauken School District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, capital projects fund, debt service fund and permanent 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 Township of Pennsauken 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 Township of Pennsauken School District maintains one type of proprietary fund. 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 Township of Pennsauken School District uses an enterprise fund to account for its food service 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.

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 Township of Pennsauken 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.

TOWNSHIP OF PENNSAUKEN 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 Township of Pennsauken School District, assets exceeded liabilities by \$36,680,159 at the close of the most recent fiscal year.

The largest portion of the Township of Pennsauken School District's net position (64.22 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 Township of Pennsauken School District uses these assets to provide educational services to students; consequently, these assets are not available for future spending. Although the Township of Pennsauken School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT'S NET POSITION						
	<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	\$ 20,119,310	\$ 21,048,475	\$ 1,291,141	\$ 1,275,147	\$ 21,410,451	\$ 22,323,622
Capital Assets	43,169,885	41,517,646	430,426	500,968	43,600,311	42,018,614
Total Assets	63,289,195	62,566,121	1,721,567	1,776,115	65,010,762	64,342,236
Deferred Outflows of Resources	782,378.17					
Long-term Liabilities Outstanding	21,488,254	23,953,901	61,120	53,696	21,549,374	24,007,597
Other Liabilities	6,781,556	6,854,547	782,050	839,788	7,563,606	7,694,335
Total Liabilities	28,269,810	30,808,448	843,170	893,484	29,112,980	31,701,932
Net Position:						
Net Investment in Capital Assets	23,124,444	18,597,789	430,426	500,968	23,554,870	19,098,757
Restricted	16,807,946	17,088,644			16,807,946	17,088,644
Unrestricted	(4,130,628)	(3,928,760)	447,971	381,663	(3,682,657)	(3,547,097)
Total Net Position	\$ 35,801,762	\$ 31,757,673	\$ 878,397	\$ 882,631	\$ 36,680,159	\$ 32,640,304

The portion of the Township of Pennsauken School District's net position that represents resources that are subject to external restrictions on how they may be used is 45.82%.

There was a decrease of \$4,234 in overall net position for the Township of Pennsauken School District's business-type activities. The primary reason for the decrease was a decrease in reimbursable sales for the program.

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

Governmental Activities: Governmental activities increased the Township of Pennsauken School District's net position by \$4,044,089, thereby accounting for 100 percent of the total increase in net position of the Township of Pennsauken School District. Key elements of this increase are as follows:

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT'S CHANGES IN NET POSITION							
	Governmental Activities		Business-Type Activities		Total		
	2013	2012	2013	2012	2013	2012	
Revenues:							
Program Revenues:							
Charges for Services	\$ 1,006,105	\$ 1,072,591	\$ 813,392	\$ 842,124	\$ 1,819,497	\$ 1,914,715	
Operating Grants and Contributions	12,842,218	12,079,991	2,149,752	2,063,412	14,991,970	14,143,403	
Capital Grants and Contributions				107,500		107,500	
General Revenues:							
Property Taxes	37,023,190	37,039,257			37,023,190	37,039,257	
Grants and Contributions not Restricted to Specific Programs	49,607,290	49,101,274			49,607,290	49,101,274	
Other	356,060	490,445	8,215	10,448	364,275	500,893	
Total Revenues	100,834,862	99,783,558	2,971,359	3,023,484	103,806,222	102,807,042	
Expenses:							
Instruction	42,827,823	43,178,053			42,827,823	43,178,053	
Support Services	53,684,967	52,171,566			53,684,967	52,171,566	
Food Service			2,975,594	3,137,200	2,975,594	3,137,200	
Total Expenses	96,512,790	95,349,619	2,975,594	3,137,200	99,488,384	98,486,819	
Increase In Net Position before Transfers	4,322,072	4,433,939	(4,234)	(113,716)	4,317,838	4,320,223	
Transfers and Adjustments	(277,983)	(40,772)			(277,983)	(40,772)	
Increase in Net Position	4,044,089	4,393,167	(4,234)	(113,716)	4,039,855	4,279,451	
Net Position, July 1	31,757,673	27,364,506	882,632	996,348	32,640,304	28,360,854	
Net Position, June 30	\$ 35,801,762	\$ 31,757,673	\$ 878,397	\$ 882,632	\$ 36,680,159	\$ 32,640,305	

Property taxes decreased by \$16,067.

- Other revenues increased by \$371,631 (1 percent). Most of the increase was attributable to additional state and federal aid.

During the current fiscal year, the State of New Jersey made payments on-behalf of the Township of Pennsauken School District for T.P.A.F. pension and medical in the amount of \$5,130,563, as compared to \$3,640,349 in fiscal year 2012.

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

Business-Type Activities: Business-type activities decreased the Township of Pennsauken School District's net position by \$4,234. The key element of this decrease is as follows:

- Other Revenues decreased by \$2,233.

Financial Analysis of the Government's Funds

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

Governmental Funds: The focus of the Township of Pennsauken 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 Township of Pennsauken School District's financing requirements. In particular, total 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 Township of Pennsauken School District's governmental funds reported combining ending fund balances of \$17,014,277, a decrease of \$313,357 in comparison with the prior year. This decrease is primarily a result of an increase in expenditures.

Of the combined ending fund balances of \$17,014,277, \$92,437 constitutes unassigned fund balance. The remainder of fund balance is ear-marked 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 (\$192,156), (2) to be utilized in future budgets as tax relief (\$678,376), (3) as a reserve for inventory (\$205,894), (4) as a reserve for capital projects so identified in the Long Range Facility Plan (\$7,283,456), (5) as a reserve for emergency purposes (\$435,146), (6) restricted Excess Surplus (\$8,118,643) and (7) a permanent fund of (\$8,168).

The general fund is the main operating fund of the Township of Pennsauken School District. At the end of the current fiscal year, there was no unassigned fund balance of the general fund, while total fund balance was \$14,085,047.

Fund balance of the Township of Pennsauken School District General Fund increased by \$994,734 during the current fiscal year.

The special revenue fund has a fund balance at the end of the current fiscal year in the amount of \$92,437. This amount represents unexpended pre-school education aid, which available for use in the 2013-14 Budget.

The debt service fund had no fund balance.

The capital projects fund has fund balance of \$2,828,625 of which all has been committed to liquidate any unpaid orders, or for other approved capital projects.

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

Unrestricted net position was \$447,971 at fiscal year-end.

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

General Fund Budgetary Highlights

During the course of the 2013 fiscal year, the Township of Pennsauken School District modified its general fund budget numerous times. The net change in the total budget modification was a result of the rollover of the prior year's encumbrances and the use of additional federal aid.

The final budgetary basis revenue estimate was \$84,195,448. The original budgeted estimate was \$84,191,329.

During fiscal year 2013, the Township of Pennsauken School District budgeted \$34,631,347 and \$48,216,268 for property taxes (local tax levy) and state aid revenues, respectively. Additionally, the District budgeted \$185,753 of federal aid. The Township of Pennsauken School District also received \$2,634,385 and \$5,130,563 in reimbursed T.P.A.F. Social Security Aid and on-behalf T.P.A.F. Pension and Medical Contributions, respectively.

The final budgetary basis expenditure appropriation estimate was \$94,051,121 compared to the original estimate of \$94,047,002. Most of the increase was attributable to encumbrances.

The Township of Pennsauken School District's expenditures also include the reimbursed TPAF Social Security Aid and T.P.A.F. Pension and Medical Contributions of \$2,634,385 and \$5,130,563, respectively, which contributes to an unfavorable expenditure variance for the fiscal year.

Capital Asset and Debt Administration

Capital Assets: The Township of Pennsauken School District's investment in capital assets for its governmental and business-type activities as of June 30, 2013 amounts to \$43,600,311 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, and equipment. The total increase in the Township of Pennsauken School District's investment in capital assets for the current fiscal year was 3.8 percent.

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

- The Township of Pennsauken School District expended funds in accordance with their State approved Long Range Facilities Plan, with current fiscal year expenditures amounting to \$3,928,551.

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT'S CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)						
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 64,918	\$ 64,918			\$ 64,918	\$ 64,918
Construction in Progress	4,378,609	1,567,998			4,378,609	1,567,998
Land Improvements	743,422	460,333			743,422	460,333
Building Improvements	35,845,998	37,610,745			35,845,998	37,610,745
Equipment	2,136,938	1,813,652	\$ 430,426	\$ 500,968	2,567,364	2,314,620
Total	\$ 43,169,885	\$ 41,517,646	\$ 430,426	\$ 500,968	\$ 43,600,311	\$ 42,018,614

Additional information on the Township of Pennsauken School District's capital assets can be found in Note 6.

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

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

Long-term Obligations: At the end of the current fiscal year, the Township of Pennsauken School District had total long term obligations of \$24,954,821 representing government activities and \$61,120 representing business-type activities. Bonded debt outstanding at June 30, 2013 was \$20,510,000. All of the School District's bonded debt is governmental as opposed to business-type. The 2013-2014 adopted budget includes an appropriation of \$3,130,000 representing the payment of the annual principal. All of the bonds will mature by April 1, 2019.

Economic Factors and Next Year's Budget

The future financing of public schools in the State of New Jersey continues to be unsettling. This has been demonstrated by the withholding of both of the June state aid payments until after the close of the fiscal year, the state's inability to fully fund the educational formulas created by law under the School Funding Reform Act, the passage of S-1701 by the legislature which reduces fund balance to 2% and imposing of more unfunded mandates. In addition the district is continuing to look at the overall decrease in student population, the increasing number of students attending charter schools and the escalating costs of Special Education Out-of-District placements and related services.

The over-reliance on property taxes to support the schools in Pennsauken Township is a concern faced by the Board of Education and Administration each year. The State Legislature is continuing to review the issue of property tax relief as well as shared services. While the community continues to support the School District, the issue of increasing property taxes is a concern. The School District has been committed to financial excellence for many years and will continue to seek alternative sources for funding as well as ways to reduce expenditures while maintaining our educational programs. The District is committed to sound fiscal management in order to meet the challenges of the future.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator/Board Secretary at:

Pennsauken Township Board of Education, 1695 Hylton Road, Pennsauken, New Jersey 08110.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

Statement of Net Position

June 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 14,246,298.57	\$ 883,152.53	\$ 15,129,451.10
Receivables, net	3,791,666.73	361,087.99	4,152,754.72
Inventory	205,893.61	46,900.04	252,793.65
Restricted Cash and Cash Equivalents	1,875,450.85		1,875,450.85
Capital Assets, net (Note 6)	43,169,884.76	430,426.35	43,600,311.11
Total Assets	63,289,194.52	1,721,566.91	65,010,761.43
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Loss on Refunding	782,378.17	-	782,378.17
LIABILITIES:			
Accounts Payable	3,068,578.23	767,333.45	3,835,911.68
Accrued Interest	209,956.29		209,956.29
Unearned Revenue	36,454.69	14,716.09	51,170.78
Noncurrent Liabilities (Note 7):			
Due within One Year	3,466,567.02		3,466,567.02
Due beyond One Year	21,488,254.24	61,120.24	21,549,374.48
Total Liabilities	28,269,810.47	843,169.78	29,112,980.25
NET POSITION:			
Net Investment in Capital Assets	23,124,444.38	430,426.35	23,554,870.73
Restricted for:			
Debt Service	(206,331.11)		(206,331.11)
Endowment Fund	8,168.04		8,168.04
Capital Projects	7,283,456.38		7,283,456.38
Other Purposes	9,722,652.41		9,722,652.41
Unrestricted (Deficit)	(4,130,627.88)	447,970.78	(3,682,657.10)
Total Net Position	\$ 35,801,762.22	\$ 878,397.13	\$ 36,680,159.35

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

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

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 24,084,302.80	\$ 925,962.00			\$ (23,158,340.80)	\$ (23,158,340.80)	
Special Education	8,827,477.21	80,142.75	\$ 2,240,516.15		(6,506,818.31)	(6,506,818.31)	
Other Special Instruction	406,592.66				(406,592.66)	(406,592.66)	
Other Instruction	1,120,288.39				(1,120,288.39)	(1,120,288.39)	
Tuition	8,389,161.81		1,514,135.89		(6,875,025.92)	(6,875,025.92)	
Support Services:							
Student and Instruction Related Services	6,558,433.51		427,968.62		(6,130,464.89)	(6,130,464.89)	
School Administrative Services	2,808,422.21				(2,808,422.21)	(2,808,422.21)	
Other Administrative Services	3,217,723.50				(3,217,723.50)	(3,217,723.50)	
Plant Operations and Maintenance	8,786,906.68				(8,786,906.68)	(8,786,906.68)	
Pupil Transportation	4,503,529.68		4,078.00		(4,499,451.68)	(4,499,451.68)	
Unallocated Benefits	16,895,182.69		512,524.74		(16,382,657.95)	(16,382,657.95)	
Reimbursed TPAF and Social Security	7,764,947.73		7,764,947.73				
Transfer to Charter School	1,988,577.00				(1,988,577.00)	(1,988,577.00)	
Amortization of Debt Issuance Costs	143,465.00				(143,465.00)	(143,465.00)	
Interest on Long-Term Debt	1,017,779.60		378,046.78		(639,732.82)	(639,732.82)	
Total Governmental Activities	96,512,790.47	1,006,104.75	12,842,217.91	-	(82,664,467.81)	(82,664,467.81)	
Business-Type Activities:							
Food Service	2,975,593.86	813,392.07	2,149,752.37		-	(12,449.42)	(12,449.42)
Total Primary Government	\$ 99,488,384.33	\$ 1,819,496.82	\$ 14,991,970.28	-	(82,664,467.81)	(12,449.42)	(82,676,917.23)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, net					34,631,347.00	34,631,347.00	
Taxes Levied for Debt Service					2,391,843.00	2,391,843.00	
Federal and State Aid Not Restricted					48,523,393.33	48,523,393.33	
Federal and State Aid Restricted					1,083,896.68	1,083,896.68	
Miscellaneous Income					356,059.62	356,059.62	
Cancellation of Prior Year Accounts Receivable					(288,705.98)	(288,705.98)	
Cancellation of Special Revenue Grant Balances					10,723.42	10,723.42	
Total General Revenues, Special Items, Extraordinary Items and Transfers					86,708,557.07	86,716,772.09	
Change in Net Position					4,044,089.26	(4,234.40)	4,039,854.86
Net Position -- July 1					31,757,672.96	882,631.53	32,640,304.49
Net Position -- June 30					\$ 35,801,762.22	\$ 878,397.13	\$ 36,680,159.35

FUND FINANCIAL STATEMENTS

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
ASSETS:						
Cash and Cash Equivalents	\$ 14,246,298.57		\$ 1,868,286.63	\$ 0.01	\$ 7,164.21	\$ 16,121,749.42
Receivables, net:						
Interfunds Receivable:						
Enterprise Fund	729,510.21					729,510.21
Payroll Fund	62,824.95					62,824.95
Unemployment Compensation Trust Fund	63,896.43					63,896.43
General Fund					157.24	157.24
Special Revenue Fund	140,080.95					140,080.95
Student Activity Fund					846.59	846.59
Receivables from Other Governments:						
State of New Jersey	681,536.21	\$ 8,800.00	1,032,762.00			1,723,098.21
Federal	4,119.00	1,148,311.23				1,152,430.23
Other Receivables	59,060.11					59,060.11
Inventory	205,893.61					205,893.61
Total Assets	<u>\$ 16,193,220.04</u>	<u>\$ 1,157,111.23</u>	<u>\$ 2,901,048.63</u>	<u>\$ 0.01</u>	<u>\$ 8,168.04</u>	<u>\$ 20,259,547.95</u>
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts Payable	\$ 1,918,110.08	\$ 703,868.45	\$ 72,423.70			\$ 2,694,402.23
Interfunds Payable:						
General Fund		140,080.95				140,080.95
Permanent Fund	157.24					157.24
Workers Compensation Claims	189,906.00					189,906.00
Payable to State Government		184,270.00				184,270.00
Unearned Revenue		36,454.69				36,454.69
Total Liabilities	<u>2,108,173.32</u>	<u>1,064,674.09</u>	<u>72,423.70</u>	<u>-</u>	<u>-</u>	<u>3,245,271.11</u>
Fund Balances:						
Nonspendable Fund Balance:						
Reserve for Supplies Inventory	205,893.61					205,893.61
Permanent					\$ 8,000.00	8,000.00
Restricted:						
Capital Reserve	4,454,831.45					4,454,831.45
Emergency Reserve	435,146.38					435,146.38
Excess Surplus	8,118,643.20					8,118,643.20
Capital Projects			2,828,624.93			2,828,624.93
Debt Service				\$ 0.01		0.01
Other Purposes					168.04	168.04
Assigned:						
Other Purposes	192,155.77					192,155.77
Subsequent Year's Expenditures	678,376.31					678,376.31
Unassigned		92,437.14				92,437.14
Total Fund Balances	<u>14,085,046.72</u>	<u>92,437.14</u>	<u>2,828,624.93</u>	<u>0.01</u>	<u>8,168.04</u>	<u>17,014,276.84</u>
Total Liabilities and Fund Balances	<u>\$ 16,193,220.04</u>	<u>\$ 1,157,111.23</u>	<u>\$ 2,901,048.63</u>	<u>\$ 0.01</u>	<u>\$ 8,168.04</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$78,494,718.76 and the accumulated depreciation is \$35,324,834.00.	43,169,884.76
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.	782,378.17 (209,956.29)
Interest on long term debt is accrued on the Statement of Net Position regardless when due.	
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.	<u>(24,954,821.26)</u>
Net position of governmental activities	<u>\$ 35,801,762.22</u>

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

TOWNSHIP OF PENNSAUKEN 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	Permanent Fund	Total Governmental Funds
REVENUES:						
Local Tax Levy	\$ 34,631,347.00			\$ 2,391,843.00		\$ 37,023,190.00
Tuition	1,006,104.75					1,006,104.75
Miscellaneous	356,045.71	\$ 5,062.61			\$ 13.91	361,122.23
State Sources	56,095,886.37	1,275,415.61		1,593,612.00		58,964,913.98
Federal Sources	192,454.69	3,287,076.64				3,479,531.33
Total Revenues	92,281,838.52	4,567,554.86	-	3,985,455.00	13.91	100,834,862.29
EXPENDITURES:						
Regular Instruction	23,335,221.43				500.00	23,335,721.43
Special Education Instruction	6,123,847.87	2,240,516.15				8,364,364.02
Other Special Instruction	406,592.66					406,592.66
Other Instruction	1,120,288.39					1,120,288.39
Tuition	6,875,025.92	1,514,135.89				8,389,161.81
Support Services and Undistributed Costs:						
Student and Instruction Related Services	6,110,263.89	427,968.62				6,538,232.51
School Administrative Services	2,852,777.05					2,852,777.05
Other Administrative Services	2,981,466.79					2,981,466.79
Plant Operations and Maintenance	7,799,982.52					7,799,982.52
Pupil Transportation	4,300,930.68	4,078.00				4,305,008.68
Unallocated Benefits	16,576,494.95	512,524.74				17,089,019.69
Reimbursed TPAF Pension, Medical and Social Security Transfer to Charter Schools	7,764,947.73					7,764,947.73
Debt Service:	1,988,577.00					1,988,577.00
Principal				3,040,000.00		3,040,000.00
Interest and Other Charges				945,455.02		945,455.02
Capital Outlay	2,752,614.28	422,956.31	\$ 752,980.50			3,928,551.09
Total Expenditures	90,989,031.16	5,122,179.71	752,980.50	3,985,455.02	500.00	100,850,146.39
Excess (Deficiency) of Revenues over Expenditures	1,292,807.36	(554,624.85)	(752,980.50)	(0.02)	(486.09)	(15,284.10)
OTHER FINANCING SOURCES (USES):						
Change in Supplies Inventory	(20,090.53)					(20,090.53)
Cancellation of Tuition Receivable	(244,121.98)					(244,121.98)
Cancellation of Other Accounts Receivable	(44,584.00)					(44,584.00)
Cancellation of Special Revenue Grant Balances	10,723.42					10,723.42
Total Other Financing Sources and Uses	(298,073.09)	-	-	-	-	(298,073.09)
Net Change in Fund Balances	994,734.27	(554,624.85)	(752,980.50)	(0.02)	(486.09)	(313,357.19)
Fund Balance -- July 1	13,090,312.45	647,061.99	3,581,605.43	0.03	8,654.13	17,327,634.03
Fund Balance -- June 30	\$ 14,085,046.72	\$ 92,437.14	\$ 2,828,624.93	\$ 0.01	\$ 8,168.04	\$ 17,014,276.84

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

TOWNSHIP OF PENNSAUKEN 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		\$ (313,357.19)
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		\$ (2,276,311.90)
Capital Outlays		<u>3,928,551.09</u>
		1,652,239.19
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.		3,040,000.00
In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed. (-)		
Amortization of Debt Issuance Costs		(143,465.00)
Amortization of Loss on Refunding Bonds		(130,396.37)
Amortization of Bond Sale Premiums		25,412.90
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)		34,365.95
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 (+).		(397,411.71)
In the statement of activities, post employment benefits other than pension are accrued regardless of when due. This accrued liability is not recorded in the governmental funds. The increase in accrued liability is an reduction in the reconciliation. (-)		193,837.00
Repayment of capital leases is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of Net Assets and is not reported in the Statement of Activities.		<u>82,864.49</u>
Change in Net Assets of Governmental Activities		<u><u>\$ 4,044,089.26</u></u>

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

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

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 883,152.53
Accounts Receivable:	
State	5,903.38
Federal	344,268.22
Other	10,916.39
Inventories	<u>46,900.04</u>
Total Current Assets	<u>1,291,140.56</u>
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	1,543,589.76
Furniture, Machinery and Equipment	(1,113,163.41)
Less Accumulated Depreciation	<u>(1,113,163.41)</u>
Total Noncurrent Assets	<u>430,426.35</u>
Total Assets	<u>1,721,566.91</u>
LIABILITIES:	
Current Liabilities:	
Interfund Accounts Payable:	
Due General Fund	729,510.21
Accounts Payable	37,823.24
Unearned Revenue	<u>14,716.09</u>
	782,049.54
Noncurrent Liabilities:	
Compensated Absences Payable	<u>61,120.24</u>
Total Liabilities	<u>843,169.78</u>
NET POSITION:	
Net Investment in Capital Assets	430,426.35
Unrestricted	<u>447,970.78</u>
Total Net Position	<u>\$ 878,397.13</u>

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

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

	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs:	
School Lunch Program	\$ 383,875.12
School Breakfast Program	12,830.75
Special Milk Program	3,187.75
Daily Sales - Non-Reimbursable Programs	381,416.63
Miscellaneous	9,931.29
Special Functions	<u>22,150.53</u>
Total Operating Revenues	<u>813,392.07</u>
OPERATING EXPENSES:	
Salaries	788,972.70
Employee Benefits	617,117.97
General Supplies	8,091.64
Depreciation	87,684.14
Cost of Sales	1,424,852.72
Miscellaneous	<u>48,874.69</u>
Total Operating Expenses	<u>2,975,593.86</u>
Operating Income / (Loss)	<u>(2,162,201.79)</u>
NONOPERATING REVENUES (EXPENSES):	
State Sources:	
State School Lunch Program	34,271.02
Federal Sources:	
National School Lunch Program	1,518,949.27
National School Breakfast Program	344,643.68
Special Milk Program	5,504.47
Food Distribution Program	184,056.68
Fresh Fruit and Vegetable Program	62,327.25
Interest Revenue	<u>8,215.02</u>
Total Nonoperating Revenues (Expenses)	<u>2,157,967.39</u>
Change in Net Position	(4,234.40)
Net Position -- July 1	<u>882,631.53</u>
Net Position -- June 30	<u><u>\$ 878,397.13</u></u>

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

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

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 807,982.26
Payments to Employees	(781,548.46)
Payments for Employee Benefits	(617,117.97)
Payments for Supplies and Services	<u>(1,484,973.88)</u>
Net Cash Provided by (used for) Operating Activities	<u>(2,075,658.05)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
State Sources	29,844.70
Federal Sources	1,851,008.72
Operating Subsidies and Transfers	<u>(65,725.10)</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>1,815,128.32</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of Capital Assets	<u>(17,142.00)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Revenue	<u>8,215.02</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(269,456.71)
Cash and Cash Equivalents -- July 1	<u>1,152,609.24</u>
Cash and Equivalents -- June 30	<u>\$ 883,152.53</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)	
by Operating Activities:	
Operating Income (Loss)	\$ (2,162,201.79)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided by (used for) Operating Activities:	
Depreciation and Net Amortization	87,684.14
(Increase) Decrease in Inventories	(9,183.62)
Increase (Decrease) in Accounts Payable	6,028.79
Increase (Decrease) in Unearned Revenue	1,958.33
Increase (Decrease) in Accrued Salary Benefits	7,424.24
(Increase) Decrease in Accounts Receivable	<u>(7,368.14)</u>
Total Adjustments	<u>86,543.74</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (2,075,658.05)</u>

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

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

	<u>Trust Funds</u>		<u>Agency Funds</u>		<u>Total</u>
	<u>Scholarship Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS:					
Cash and Cash Equivalents	\$ 19,394.06	\$ 487,331.83	\$ 252,152.97	\$ 294,232.24	\$ 1,053,111.10
Accounts Receivable:					
Interfund Accounts Receivable:					
Due Agency Fund -- Payroll		51,772.21			51,772.21
Total Assets	-	51,772.21	-	-	51,772.21
 Total Assets	19,394.06	539,104.04	\$ 252,152.97	\$ 294,232.24	1,104,883.31
LIABILITIES:					
Accounts Payable		8,173.98			8,173.98
Interfund Accounts Payable:					
Due Unemployment Fund				\$ 51,772.21	51,772.21
Due Permanent Fund			\$ 846.59		846.59
Due General Fund		63,896.43		62,824.95	126,721.38
Payable to Student Groups			251,306.38		251,306.38
Payroll Deductions and Withholdings				179,635.08	179,635.08
Total Liabilities	-	72,070.41	\$ 252,152.97	\$ 294,232.24	618,455.62
NET POSITION:					
Held in Trust for Unemployment Claims and Other Purposes	\$ 19,394.06	\$ 467,033.63			\$ 486,427.69

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

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

	Scholarship Trust	Unemployment Compensation Trust
ADDITIONS:		
Contributions and Donations from Payroll Deductions Withheld		\$ 74,904.24
Scholarship Donations	\$ 1,118.00	
Investment Earnings: Interest	39.06	3,728.33
Total Additions	<u>1,157.06</u>	<u>78,632.57</u>
DEDUCTIONS:		
Scholarship Awards	3,250.00	
Unemployment Claims		123,416.80
Total Deductions	<u>3,250.00</u>	<u>123,416.80</u>
Change in Net Position	(2,092.94)	(44,784.23)
Net Position -- July 1	<u>21,487.00</u>	<u>511,817.86</u>
Net Position -- June 30	<u>\$ 19,394.06</u>	<u>\$ 467,033.63</u>

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Pennsauken 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 School District is a Type II district located in the County of Camden State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). 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 Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades K through 12 at its twelve schools. The School District has an approximate enrollment at June 30, 2013 of 5245.

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).

Based on the aforementioned, the School District has determined that no component units exist for the fiscal year ended June 30, 2013.

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)****Fund Financial Statements (Cont'd)****Governmental Funds (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.

Permanent Fund - The permanent fund is used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the School District's programs, that is, for the benefit of the School District or its students as a whole. The School District maintains a permanent fund for the purpose of scholarships.

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**

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 items not meeting this definition are reported as non-operating revenues and expenses.

The School District maintains the following enterprise fund:

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

Scholarship Fund - Revenues consist of donations and interest income. Expenditures represent scholarships which are awarded in accordance with the trust requirements.

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.

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**

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. 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 prepaids 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.

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

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

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

Cash, Cash Equivalents and Investments

Cash and cash equivalents, for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of 3 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 Inter-fund Receivables / Payables**

Short-term inter-fund 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. Depreciation is computed using the straight-line method over the following estimated useful lives:

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

The School District does not possess any infrastructure assets.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**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 credit union accounts.

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.

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

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.

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.

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

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.

Inter-fund 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 inter-fund transfers. Inter-fund 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.

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.

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

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 is 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 does not have a material impact on the School District's financial statements.

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.

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

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.

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 \$19,040,262.61 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 140,913.95
Collateralized by securities held by the pledging financial institution	17,727,928.50
FDIC Insured	<u>1,171,420.16</u>
Total	<u>\$ 19,040,262.61</u>

New Jersey Cash Management Fund - During the fiscal year, the School District participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2013, the School District's deposits with the New Jersey Cash Management Fund were \$467,097.53.

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District by inclusion of \$1,000.00 on September 28, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Note 3: CAPITAL RESERVE ACCOUNT (CONT'D)

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

Beginning Balance, July 1, 2012	\$ 6,412,953.84
Increased by:	
Interest Earnings	<u>26,238.61</u>
	6,439,192.45
Decreased by:	
Budgeted Withdrawals	<u>1,984,361.00</u>
Ending Balance, June 30, 2013	<u><u>\$ 4,454,831.45</u></u>

The LRFP balance of local support costs of uncompleted projects at June 30, 2013 is \$32,682,220.00.

The withdrawals from the capital reserve were for use in a Department of Education approved facilities projects, consistent with the School District's LRFP.

Note 4: 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.

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>Proprietary Fund</u>	<u>Total</u>
Intergovernmental	\$ 685,655.21	\$ 1,157,111.23	\$ 1,032,762.00	\$ 350,171.60	\$ 3,225,700.04
Other	59,060.11			10,916.39	69,976.50
	<u>\$ 744,715.32</u>	<u>\$ 1,157,111.23</u>	<u>\$ 1,032,762.00</u>	<u>\$ 361,087.99</u>	<u>\$ 3,295,676.54</u>

Note 5: INVENTORY

Inventory recorded at June 30, 2013 in governmental activities on the government-wide statement of net position, and on the general fund balance sheet, consisted of the following:

Supplies	\$ 205,893.61
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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	\$ 37,929.82
Commodities	6,904.88
Supplies	2,065.34
	<u>\$ 46,900.04</u>

Note 6: 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>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 64,918.00			\$ 64,918.00
Construction in Progress	1,567,997.57	\$ 2,810,611.19		4,378,608.76
Total Capital Assets, not being Depreciated	<u>1,632,915.57</u>	<u>2,810,611.19</u>	-	<u>4,443,526.76</u>
Capital Assets, being Depreciated:				
Land Improvements	1,892,195.00	419,713.31		2,311,908.31
Buildings and Improvements	63,823,509.00			63,823,509.00
Equipment	7,761,206.00	698,226.59	\$ (543,657.90)	7,915,774.69
Total Capital Assets, being Depreciated	<u>73,476,910.00</u>	<u>1,117,939.90</u>	<u>(543,657.90)</u>	<u>74,051,192.00</u>
Total Capital Assets, Cost	<u>75,109,825.57</u>	<u>3,928,551.09</u>	<u>(543,657.90)</u>	<u>78,494,718.76</u>
Less Accumulated Depreciation for:				
Land Improvements	(1,431,862.00)	(136,624.00)		(1,568,486.00)
Buildings and Improvements	(26,212,764.00)	(1,764,746.90)		(27,977,510.90)
Equipment	(5,947,554.00)	(374,941.00)	543,657.90	(5,778,837.10)
Total Accumulated Depreciation	<u>(33,592,180.00)</u>	<u>(2,276,311.90) *</u>	<u>543,657.90</u>	<u>(35,324,834.00)</u>
Total Capital Assets, being Depreciated, Net	<u>39,884,730.00</u>	<u>(1,158,372.00)</u>	-	<u>38,726,358.00</u>
Governmental Activities Capital Assets, Net	<u>\$ 41,517,645.57</u>	<u>\$ 1,652,239.19</u>	-	<u>\$ 43,169,884.76</u>
	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2013</u>
Business-Type Activities:				
Equipment	\$1,537,420.24	\$ 17,142.00	\$ (10,972.48)	\$ 1,543,589.76
Less: Accumulated Depreciation	(1,036,451.75)	(87,684.14)	10,972.48	(1,113,163.41)
Business-Type Activities Capital Assets, Net	<u>\$ 500,968.49</u>	<u>\$ (70,542.14)</u>	-	<u>\$ 430,426.35</u>

Note 6: CAPITAL ASSETS (CONT'D)

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

Governmental Activities:	
Regular Instruction	\$ 455,902.13
Special Education Instruction	358,380.72
Transportation	198,521.00
General Administration	275,381.42
School Administration	1,092.00
Operations and Maintenance	966,833.63
Student and Instruction Related Services	<u>20,201.00</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,276,311.90</u></u>

Note 7: LONG-TERM LIABILITIES

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

	<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>
Governmental Activities:					
General Obligation Bonds	\$ 23,550,000.00		\$ (3,040,000.00)	\$ 20,510,000.00	\$ 3,130,000.00
Unamortized Costs:					
Premium on Bonds	177,890.30		(25,412.90)	152,477.40	25,412.90
Obligations under Capital Lease	248,205.64		(82,864.49)	165,341.15	86,224.70
Other Post Employment Benefits	1,530,715.00		(193,837.00)	1,336,878.00	
Compensated Absences	<u>2,392,713.00</u>	<u>\$ 412,378.71</u>	<u>(14,967.00)</u>	<u>2,790,124.71</u>	<u>224,929.42</u>
Governmental Activity Long-Term Liabilities	<u>\$ 27,899,523.94</u>	<u>\$ 412,378.71</u>	<u>\$ (3,357,081.39)</u>	<u>\$ 24,954,821.26</u>	<u>\$ 3,466,567.02</u>

The bonds payable and obligations under capital lease are generally liquidated by the debt service fund, while claims and judgment, compensated absences, pension deferral, and postemployment benefits are liquidated by the general fund.

	<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>
Business-Type Activities:					
Compensated Absences	<u>\$ 53,696.00</u>	<u>\$ 7,424.24</u>	<u>-</u>	<u>\$ 61,120.24</u>	<u>-</u>

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

On February 24, 2005, the School District issued \$31,685,000.00 of refunding bonds at interest rates varying from 3.00% to 4.25%. The final maturity of these bonds is April 1, 2019. The bonds will be paid from property taxes.

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

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	\$ 3,130,000.00	\$ 816,255.00	\$ 3,946,255.00
2015	3,230,000.00	677,273.76	3,907,273.76
2016	3,295,000.00	560,967.50	3,855,967.50
2017	3,475,000.00	432,462.50	3,907,462.50
2018	3,650,000.00	295,200.00	3,945,200.00
2019	3,730,000.00	149,200.00	3,879,200.00
	<u>\$ 20,510,000.00</u>	<u>\$ 2,931,358.76</u>	<u>\$ 23,441,358.76</u>

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

Obligations under Capital Lease - The School District is leasing copiers and computer software totaling \$331,232.00 under capital leases. All capital leases are for terms of three to five years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2013.

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 86,224.70	\$ 6,077.94	\$ 92,302.64
2015	79,116.45	2,610.53	81,726.98
	<u>\$ 165,341.15</u>	<u>\$ 8,688.47</u>	<u>\$ 174,029.62</u>

Note 8: OPERATING LEASES

At June 30, 2013, the School District had operating lease agreements in effect for copy machines, mail machines, administrative office space, and telecommunication equipment. The future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2014	\$ 418,632.64
2015	242,752.64
2016	110,471.64
2017	<u>100,146.74</u>
	<u>\$ 872,003.66</u>

Rental payments under operating leases for the fiscal year ended June 30, 2013 were \$436,192.64.

Note 9: PENSION PLANS

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

Note 9: PENSION PLANS (CONT'D)

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	\$301,865.00	\$ 721,766.00	\$ 1,023,631.00	\$ 60,923.00	\$ 1,084,554.00
2012	352,185.00	704,371.00	1,056,556.00	67,315.00	1,123,871.00
2011	383,625.00	611,280.00	994,905.00	75,562.00	1,070,467.00

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.

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

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

<u>Fiscal Year</u>	<u>Total Liability</u>	<u>Paid by School District</u>
2013	\$ 4,181.78	\$ 4,181.78
2012	4,208.14	4,208.14
2011	None	None

Note 10: 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 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description - The School District provides dental insurance benefits for retired employees, where such benefits are established and amended by the School District's Board of Education. The School District's plan, which is a single-employer post-employment healthcare plan, provides dental coverage for retired employees with twenty-five years of service. The Plan is administered by the School District; therefore, premium payments are made directly by the School District to the insurance carriers.

Funding Policy - Employees become eligible for retirement benefits based on hire date and years of service. There are no contribution requirements for the plan members. The School District established the requirements and they may be amended by the School District's Board of Education.

Retirees - The School District presently funds its current retiree postemployment benefit costs on a "pay-as-you-go" basis and as shown above, receives monthly contributions from retirees to offset a portion of the cost. The School District's contributions to the plan for the fiscal years ended June 30, 2013, 2012, and 2011 were \$172,629.00, \$101,243.00, and \$103,054.00, respectively.

Future Retirees - In accordance with Statement No. 45 of the Governmental Accounting Standards Board, the School District is required to expense the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The ARC includes the costs of both current and future retirees. The current ARC was determined to be \$153,264.00 at an unfunded discount rate of 5%. As stated above, the School District has funded the cost of existing retirees in the amount of \$172,629.00, and has accrued the benefit costs for future eligible employees, but has not yet begun funding this outstanding liability.

Annual OPEB Cost - For fiscal year 2013, the School District's annual OPEB cost (expense) of \$21,208.00 for the plan was equal to the ARC plus certain adjustments because the School District's actual contributions in prior years differed from the ARC. The School District's annual required contribution (ARC), the interest on the net OPEB obligation, the adjustment to the ARC, the increase or decrease in the net OPEB obligation, the net OPEB obligation, and the percentage of annual OPEB cost contributed to the plan for fiscal years 2013, 2012, and 2011 are as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Annual Required Contribution (ARC)	\$ 153,264.00	\$ 173,450.00	\$ 173,450.00
Interest on the Net OPEB Obligation	70,439.00	78,616.00	78,616.00
Adjustment to the ARC	<u>(244,911.00)</u>	<u>(150,823.00)</u>	<u>(46,018.00)</u>
Annual OPEB Cost	(21,208.00)	101,243.00	206,048.00
Pay-as-You Go Cost (Existing Retirees)	<u>(172,629.00)</u>	<u>(101,243.00)</u>	<u>(103,054.00)</u>
Increase (Decrease) in the Net OPEB Obligation	(193,837.00)	-	102,994.00
Net OPEB Obligation, July 1	<u>1,530,715.00</u>	<u>1,530,715.00</u>	<u>1,427,721.00</u>
Net OPEB Obligation, June 30	<u>\$ 1,336,878.00</u>	<u>\$ 1,530,715.00</u>	<u>\$ 1,530,715.00</u>
Percentage of Annual OPEB Cost Contributed	-814.0%	100.0%	50.0%

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONT'D)

Funded Status and Funding Progress - The funded status of the plan as of June 30, 2013, was as follows:

Funded Status and Funding Progress

Actuarial Accrued Liability (AAL)	\$ 1,336,878.00
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 1,336,878.00</u>
Funded Ratio (Actuarial Value of Plan Assets / AAL)	0.0%
Covered Payroll (Active Plan Members)	N/A
UAAL as a Percentage of Covered Payroll	N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - The projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The UAAL is being amortized (straight-line) for thirty (30) years on an open basis. The actuarial assumptions included the following:

- *Mortality.* 1994 Sex Distinct Group Annuity Mortality Table.
- *Turnover.* Federal Employees Retirement System Withdrawal Rate.
- *Assumed Retirement Age.* When eligible but no earlier than age 55.
- *Annual Discount Rate.* Future costs have been discounted at the rate of 5% compounded annually for GASB 45 purposes.
- *Medical Trend.* 5% per annum.

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 \$2,407,870.00 and \$2,722,693.00, 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 commercial insurance coverage for property, liability, student accident, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>School</u> <u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Income</u>	<u>Claims</u> <u>Incurred</u>	<u>Ending</u> <u>Balance</u>
2013	-	\$ 74,904.24	\$ 3,728.33	\$ 123,416.80	\$ 467,033.63
2012	-	76,096.66	6,442.33	197,856.63	511,817.86
2011	-	72,308.97	10,245.78	502,545.25	627,135.50

Self-Insurance Plan - The School District has adopted a plan of self-insurance for workers' compensation insurance to fund potential claims up to \$400,000.00 per any one accident. Claims greater than this amount are covered by an excess workers' compensation insurance policy. Any additional funding required for claims in excess of the General Fund Workers Compensation Claims liability will be paid and charged to future budgets.

The workers' compensation insurance claims liability (incurred) is based on an analysis prepared by management, which is based on historical trends. The remaining claims liability (incurred) is based on an evaluation performed by the third-party administrator of the plan. The liability consists of an estimate for claims incurred but not reported \$189,906.00.

Note 13: RISK MANAGEMENT (CONT'D)**Self-Insurance Plan (cont'd)**

The following is a summary of the activity of the School District's Workers' Compensation Claims liability for the current and previous two fiscal years:

<u>Fiscal Year Ended June 30,</u>	<u>School District Contributions</u>	<u>Claims Incurred</u>	<u>Ending Balance</u>
2013	\$ 371,022.00	\$ 400,377.50	\$ 189,906.00
2012	361,546.10	279,643.60	219,261.50
2011	344,638.00	396,348.73	137,359.00

There have been no settlements that exceed the School District's coverage for fiscal years ended June 30, 2013, 2012, and 2011.

Joint Insurance Pool - The School District is a member of the Burlington and Camden County Insurance Pool Joint Insurance Fund. The Fund provides its members with the following coverage:

- Property
- Comprehensive General Liability
- Commercial Inland Marine
- Boiler and Machinery
- Crime
- Automobile
- Environmental Impairment Liability
- School District 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
- Comprehensive General Liability
- Commercial Inland Marine
- Boiler and Machinery
- Crime
- Automobile
- Environmental Impairment Liability
- School District 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 Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through the Municipal Excess Liability Joint Insurance Fund for claims in excess of \$50,000.00 to \$200,000.00 based on the line of coverage for each insured event.

Note 13: RISK MANAGEMENT (CONT'D)**Joint Insurance Pool (cont'd)**

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

New Jersey School Boards Association Insurance Group
450 Veterans Drive
Burlington, New Jersey 08016

Note 14: DEFERRED COMPENSATION

The School District offers its employees a choice of six deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). 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
Ameriprise Financial
AXA Equitable
Syracusa
Midland National
Vanguard Group
Valic Investments

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 participate in one of six collective bargaining units with varying provisions for accumulation of unused sick leave. Payment for unused sick leave does not occur until retirement from the District or in some cases upon death of the employee. The accounting and the accumulated days is maintained by the District.

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 \$2,790,124.71 and \$61,120.24, 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	\$ 996,312.54	\$ 157.24
Special Revenue		140,080.95
Permanent	1,003.83	
Proprietary		729,510.21
Fiduciary	51,772.21	179,340.18
	<u>\$1,049,088.58</u>	<u>\$ 1,049,088.58</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.

Interfund Transfers:

	<u>Transfer In:</u>				
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Permanent Fund</u>	<u>Proprietary Fund</u>	<u>Fiduciary Fund</u>
<u>Transfer Out:</u>					
General					\$ 134,806.09
Special Revenue	\$ 1,690,423.03				
Permanent					
Proprietary	65,725.10				
Fiduciary					
Total Transfers	<u>\$ 1,756,148.13</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 134,806.09</u>

Note 17: DEFICIT UNRESTRICTED NET POSITION

The School District had a deficit in unrestricted net position of \$4,130,627.88 as of June 30, 2013. This deficit was mostly attributable to the allocation of the unpaid liability for compensated absences and other postemployment benefits.

Note 18: DEFICIT RESTRICTED NET POSITION

The School District had a deficit in restricted net position for debt service of \$206,331.11 as of June 30, 2013. This deficit was attributable to the allocation of accrued interest.

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 nonspendable fund balances of the School District, as of June 30, 2013, are summarized as follows:

General Fund - The School District records inventory utilizing the consumption method of accounting. As a result, because inventory is recorded as an asset, even though it does not represent expendable financial resources, it is necessary to set aside fund balance at fiscal year-end by an amount equal to the carrying value of the inventory. As of June 30, 2013, the nonspendable fund balance was \$205,893.61.

Permanent Fund - The School District was the beneficiary of a distribution from an estate. In accordance with the terms of the distribution, the principal is to be invested upon good security, and the income only, derived there from, is to be used solely for student scholarships. As of June 30, 2013, the nonspendable fund balance amount was \$8,000.00.

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 \$8,118,643.20.

For Capital Reserve Account - As of June 30, 2013, the balance in the capital reserve account is \$4,454,831.45. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

For Emergency Reserve - As of June 30, 2013, the balance in the emergency reserve is \$435,146.38. 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 24, 2009 the District received approval from the Department of Education for window replacement at the Middle School. The project was funded with a combination of Grants from the State of New Jersey and transfers from Capital Outlay. In addition, the School District approved two additional projects upon adoption of the annual budget. These projects include window replacement at the Senior High School and demolition of Central School. As of June 30, 2013, the restricted fund balance amount was \$2,828,624.93.

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

Debt Service Fund - As of June 30, 2013, \$0.01 of debt service fund balance is restricted for future debt service expenditures.

Permanent Fund - Other Purposes - The School District was the beneficiary of a distribution from an estate. In accordance with the terms of the distribution, any interest income derived from permanent fund principal is to be used solely for student scholarships. As of June 30, 2013, the restricted fund balance amount was \$168.04.

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 \$678,376.31 of general fund balance at June 30, 2013.

Other Purposes - As of June 30, 2013, the School District had \$192,155.77 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:

Special Revenue Fund - As of June 30, 2013, the fund balance of the special revenue fund was \$92,437.14.

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 PENNSAUKEN 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
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 34,631,347.00		\$ 34,631,347.00	\$ 34,631,347.00	
Tuition	957,962.00		957,962.00	1,006,104.75	\$ 48,142.75
Interest Earned on Capital Reserve Funds				26,238.61	26,238.61
Interest Earned on Emergency Reserve Funds				2,562.98	2,562.98
Unrestricted Miscellaneous Revenues	199,999.00		199,999.00	327,244.12	127,245.12
Total - Local Sources	<u>35,789,308.00</u>	-	<u>35,789,308.00</u>	<u>35,993,497.46</u>	<u>204,189.46</u>
State Sources:					
Equalization Aid	43,081,744.00		43,081,744.00	43,081,744.00	
Special Education Aid	2,998,728.00		2,998,728.00	2,998,728.00	
Transportation Aid	505,565.00		505,565.00	505,565.00	
Security Aid	1,445,231.00		1,445,231.00	1,445,231.00	
Extraordinary Aid	185,000.00		185,000.00	500,498.00	315,498.00
Non-Public Transportation Aid				58,894.64	58,894.64
Reimbursed TPAF Social Security Contributions (non-budgeted)				2,634,384.73	2,634,384.73
On-behalf TPAF Medical Contributions (non-budgeted)				2,722,693.00	2,722,693.00
On-behalf TPAF Pension Contributions (non-budgeted)				2,407,870.00	2,407,870.00
Total - State Sources	<u>48,216,268.00</u>	-	<u>48,216,268.00</u>	<u>56,355,608.37</u>	<u>8,139,340.37</u>
Federal Sources:					
Education Jobs Fund		\$ 4,119.00	4,119.00	4,119.00	
Medicaid Administrative Claiming Aid	185,753.00		185,753.00	24,499.18	24,499.18
SEMI -- Medicaid Initiative				163,836.51	(21,916.49)
Total - Federal Sources	<u>185,753.00</u>	<u>4,119.00</u>	<u>189,872.00</u>	<u>192,454.69</u>	<u>2,582.69</u>
Total Revenues	<u>84,191,329.00</u>	<u>4,119.00</u>	<u>84,195,448.00</u>	<u>92,541,560.52</u>	<u>8,346,112.52</u>

TOWNSHIP OF PENNSAUKEN 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
EXPENDITURES:					
GENERAL CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of Teachers:	\$	\$	\$	\$	\$
Kindergarten	1,835,924.61		1,835,924.61	1,397,776.03	438,148.58
Grades 1 - 5	9,463,598.84	(11,464.57)	9,452,134.27	8,206,905.64	1,245,228.63
Grades 6 - 8	5,626,886.89	98,837.56	5,725,724.45	5,487,661.06	238,063.39
Grades 9 - 12	8,028,933.45	(153,321.52)	7,875,611.93	7,178,888.09	696,723.84
Regular Programs - Home Instruction:					
Salaries of Teachers	56,100.00		56,100.00	30,781.00	25,319.00
Purchased Professional - Educational Services	41,482.00		41,482.00	15,417.93	26,064.07
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	389,180.00	16,508.47	405,688.47	298,930.16	106,758.31
Purchased Professional - Educational Services	25,000.00	78,412.00	103,412.00	98,816.74	4,595.26
Other Purchased Services	20,000.00	1,500.00	21,500.00	10,775.09	10,724.91
General Supplies	928,372.23	(86,682.00)	841,710.23	518,801.72	322,908.51
Textbooks	313,500.00	(81,480.00)	232,020.00	89,041.58	142,978.42
Other Objects	8,500.00	1,848.00	10,348.00	1,426.39	8,921.61
Total - Regular Programs	26,737,478.02	(135,822.06)	26,601,655.96	23,335,221.43	3,266,434.53
Special Education:					
Cognitive Mild:					
Salaries of Teachers	174,239.63		174,239.63	89,266.95	84,972.68
Other Salaries for Instruction	18,944.00		18,944.00	11,228.82	7,715.18
General Supplies	750.00		750.00		750.00
Textbooks	250.00		250.00		250.00
Total - Cognitive Mild	194,183.63		194,183.63	100,495.77	93,687.86
Learning and/or Language Disabilities:					
Salaries of Teachers	2,148,749.12	57,808.10	2,206,557.22	2,206,557.22	
Other Salaries for Instruction	372,604.00		372,604.00	358,666.60	13,937.40
General Supplies	38,000.00		38,000.00	25,957.66	12,042.34
Textbooks	20,000.00		20,000.00	16,270.56	3,729.44
Total - Learning and/or Language Disabilities	2,579,353.12	57,808.10	2,637,161.22	2,607,452.04	29,709.18
Behavioral Disabilities:					
Salaries of Teachers	1,003,471.10		1,003,471.10	816,875.23	186,595.87
Other Salaries for Instruction	138,294.00	318.37	138,612.37	137,639.31	973.06
General Supplies	10,000.00		10,000.00	6,143.21	3,856.79
Textbooks	12,000.00		12,000.00		12,000.00
Other Objects	650.00		650.00		650.00
Total - Behavioral Disabilities	1,164,415.10	318.37	1,164,733.47	960,657.75	204,075.72

TOWNSHIP OF PENNSAUKEN 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
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Special Education(Cont'd):					
Multiple Disabilities:					
Salaries of Teachers	\$ 278,626.87	\$ 39,662.96	\$ 318,289.83	\$ 318,289.83	\$ 25,592.06
Other Salaries for Instruction	54,472.00		54,472.00	28,879.94	5,758.60
General Supplies	18,060.00	(8,000.00)	10,060.00	4,301.40	4,500.00
Textbooks	4,500.00		4,500.00		150.00
Other Objects	150.00		150.00		
Total - Multiple Disabilities	355,808.87	31,662.96	387,471.83	351,471.17	36,000.66
Resource Room/Center:					
Salaries of Teachers	2,374,505.77	(181,880.75)	2,192,625.02	1,714,584.26	478,040.76
General Supplies	18,000.00		18,000.00	8,362.42	9,637.58
Textbooks	12,000.00		12,000.00	9,331.31	2,668.69
Total - Resource Room/Center	2,404,505.77	(181,880.75)	2,222,625.02	1,732,277.99	490,347.03
Autism:					
Salaries of Teachers	59,361.12	4,036.96	63,398.08	63,398.08	3.51
Other Salaries for Instruction	11,539.00		11,539.00	11,535.49	747.42
General Supplies	2,000.00		2,000.00	1,252.58	
Total - Autism	72,900.12	4,036.96	76,937.08	76,186.15	750.93
Preschool Disabilities - Part-Time:					
Salaries of Teachers	206,981.25		206,981.25	146,275.19	60,706.06
Other Salaries for Instruction	72,611.00		72,611.00	1,545.07	71,065.93
Total - Preschool Disabilities - Part-Time	279,592.25	-	279,592.25	147,820.26	131,771.99
Preschool Disabilities - Full-Time:					
Salaries of Teachers	116,878.00		116,878.00	4,160.00	112,718.00
Other Salaries for Instruction	35,297.00	27,700.69	62,997.69	62,997.69	1,943.42
General Supplies	8,000.00	8,000.00	8,000.00	6,056.58	
Total - Preschool Disabilities - Full-Time	152,175.00	35,700.69	187,875.69	73,214.27	114,661.42
Home Instruction:					
Salaries of Teachers	40,000.00		40,000.00	30,118.00	9,882.00
Purchased Professional - Educational Services	75,000.00	(4,500.00)	70,500.00	44,154.47	26,345.53
Total - Home Instruction	115,000.00	(4,500.00)	110,500.00	74,272.47	36,227.53
Total - Special Education	7,317,933.86	(56,853.67)	7,261,080.19	6,123,847.87	1,137,232.32
Basic Skills / Remedial - Instruction:					
Salaries of Teachers	231,654.11	(126,760.15)	104,893.96	20,352.00	84,541.96
Bilingual Education:					
Salaries of Teachers	416,849.75	1,801.44	418,651.19	377,377.98	41,273.21
Purchased Professional - Educational Services	4,102.00	6,000.00	10,102.00	8,862.68	1,239.32
Other Purchased Services	250.00		250.00		250.00
General Supplies	1,500.00	(1,500.00)			
Total - Bilingual Education:	422,701.75	6,301.44	429,003.19	386,240.66	42,762.53

(Continued)

TOWNSHIP OF PENNSAUKEN 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
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
SCHOOL SPONSORED COCURRICULAR ACTIVITIES - INSTRUCTION:					
Salaries	\$ 253,510.00	\$ (14,170.06)	\$ 239,339.94	\$ 185,620.00	\$ 53,719.94
Purchased Services	9,000.00	12,223.75	21,223.75	15,702.60	5,521.15
Supplies and Materials	16,843.00	(5,172.35)	11,470.65	10,723.80	746.85
Other Objects	16,000.00	(5,980.52)	10,019.48	6,987.75	3,031.73
Total - School Sponsored Curricular Activities - Instruction	295,153.00	(13,099.18)	282,053.82	219,034.15	63,019.67
SCHOOL SPONSORED ATHLETICS - INSTRUCTION:					
Salaries	423,423.30	14,170.06	437,593.36	435,328.54	2,264.82
Purchased Services	18,500.00	(6,793.64)	11,706.36	11,702.56	3.80
Supplies and Materials	79,813.00	1,313.86	81,126.86	80,066.68	1,060.18
Other Objects	20,000.00	(562.00)	19,438.00	19,438.00	
Transfers to Cover Deficit	30,000.00	6,041.78	36,041.78	37,041.78	(1,000.00)
Total - School Sponsored Athletics - Instruction	571,736.30	14,170.06	585,906.36	583,577.56	2,328.80
AFTER SCHOOL PROGRAM - INSTRUCTION					
Salaries	-	25,000.00	25,000.00	14,110.00	10,890.00
Summer School Instruction:					
Salaries of Teachers	186,300.00		186,300.00	133,520.50	52,779.50
Other Salaries for Instruction	18,000.00		18,000.00	1,466.25	16,533.75
General Supplies	2,051.14	624.00	2,675.14	0.02	2,675.12
Total - Summer School Instruction	206,351.14	624.00	206,975.14	134,986.77	71,988.37
ALTERNATIVE EDUCATION PROGRAM - INSTRUCTION					
Salaries of Teachers	227,000.00		227,000.00	168,129.00	58,871.00
Other Salaries for Instruction	59,120.00	(25,000.00)	34,120.00	34,120.00	34,120.00
General Supplies	4,124.00	(624.00)	3,500.00	450.91	3,049.09
Total - Alternative Education Program - Instruction	290,244.00	(25,624.00)	264,620.00	168,579.91	96,040.09
ALTERNATIVE EDUCATION PROGRAM - SUPPORT SERVICES					
Salaries	32,314.00	-	32,314.00	-	32,314.00
UNDISTRIBUTED EXPENDITURES - INSTRUCTION:					
Tuition to Other LEAs within the State - Regular	81,300.00	77,901.53	159,201.53	122,821.99	36,379.54
Tuition to Other LEAs within the State - Special	201,950.00	(146,706.55)	55,243.45	34,581.97	20,661.48
Tuition to County Voc. School Dist. - Regular	568,400.00	10,590.00	578,990.00	578,990.00	
Tuition to County Voc. School Dist. - Special	145,000.00		145,000.00	145,000.00	
Tuition to CSSD & Reg. Day Schools	3,216,058.00	(105,839.70)	3,110,218.30	3,075,445.51	34,772.79
Tuition to Private School for the Disabled within State	2,148,992.00	172,386.04	2,321,378.04	2,172,835.45	148,542.59
Tuition to Private School for the Disabled & Other LEAs Outside State	150,380.00	(25,550.00)	124,830.00	124,830.00	
Tuition -- State Facilities	182,530.00	17,699.00	200,229.00	200,229.00	
Tuition -- Other	411,150.00	9,142.00	420,292.00	420,292.00	
Total - Undistributed Expenditures - Instruction	7,105,760.00	9,622.32	7,115,382.32	6,875,025.92	240,356.40
Total - Instruction	43,211,326.18	(302,441.24)	42,908,884.94	37,860,976.27	5,047,908.67

TOWNSHIP OF PENNSAUKEN 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
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures - Attendance and Social Work:					
Salaries	\$ 95,268.00		\$ 95,268.00	\$ 78,618.41	\$ 16,649.59
Other Purchased Services	1,000.00		1,000.00		1,000.00
Supplies and Materials	500.00		500.00		500.00
Total - Undistributed Expenditures - Attendance and Social Work	96,768.00	-	96,768.00	78,618.41	18,149.59
Health Services:					
Salaries	869,879.00	\$ (3,910.49)	865,968.51	784,028.33	81,940.18
Purchased Professional and Technical Services	50,000.00		50,000.00	50,000.00	
Other Purchased Services	2,000.00		2,000.00	1,219.12	780.88
Supplies and Materials	15,000.00		15,000.00	14,652.41	347.59
Total - Health Services	936,879.00	(3,910.49)	932,968.51	849,899.86	83,068.65
Other Support Services - Students - Related Services:					
Salaries	658,684.17	3,910.49	662,594.66	650,139.39	12,455.27
Purchased Professional - Educational Services	190,390.00		190,390.00	144,600.24	45,789.76
Supplies and Materials	7,000.00	(3,000.00)	4,000.00	3,504.75	495.25
Total - Other Support Services-Students-Related Services	856,074.17	910.49	856,984.66	798,244.38	58,740.28
Other Support Services - Students - Extra Services:					
Salaries	487,467.00	(48,481.50)	438,985.50	253,027.45	185,958.05
Purchased Professional - Educational Services	327,409.00	70,000.00	397,409.00	326,974.25	70,434.75
Total - Other Support Services - Students - Extra Services	814,876.00	21,518.50	836,394.50	580,001.70	256,392.80
Other Support Services - Students - Regular:					
Salaries of Other Professional Staff	1,305,882.27		1,305,882.27	1,174,694.20	131,188.07
Salaries of Secretarial and Clerical Assistants	101,937.00		101,937.00	60,638.77	41,298.23
Purchased Professional - Educational Services	53,000.00		53,000.00	2,873.02	50,126.98
Other Purchased Professional and Technical Services	50,000.00		50,000.00	44,000.00	6,000.00
Other Purchased Services	350.00	350.00	350.00	350.00	
Supplies and Materials	32,500.00		32,500.00	18,047.25	14,452.75
Total - Other Support Services - Students - Regular	1,543,319.27	350.00	1,543,669.27	1,300,603.24	243,066.03
Other Support Services - Students - Special Services:					
Salaries of Other Professional Staff	1,544,257.04		1,531,390.86	1,267,697.43	263,693.43
Salaries of Secretarial and Clerical Assistants	88,457.00	(12,866.18)	75,590.82	82,754.33	5,702.67
Purchased Professional - Educational Services	73,122.00		73,122.00	46,283.22	26,838.78
Miscellaneous Purchased Services	5,000.00		5,000.00	1,551.08	3,448.92
Supplies and Materials	9,000.00	3,000.00	12,000.00	9,870.74	2,129.26
Total - Other Support Services - Students - Special Services	1,719,836.04	(9,866.18)	1,709,969.86	1,408,156.80	301,813.06

TOWNSHIP OF PENNSAUKEN 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
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures (Cont'd):					
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 530,795.00	\$ 11,906.18	\$ 542,701.18	\$ 542,701.18	
Salaries of Other Professional Staff	10,000.00	960.00	10,960.00	10,960.00	
Other Purchased Services	5,000.00		5,000.00	405.45	\$ 4,594.55
Supplies and Materials	33,000.00	(23,303.70)	9,696.30	2,931.38	6,764.92
Total - Improvement of Instruction Services	578,795.00	(10,437.52)	568,357.48	556,998.01	11,359.47
Educational Media Services/School Library:					
Salaries	409,661.01	241.50	409,902.51	380,376.44	29,526.07
Other Purchased Services	34,500.00	1,927.42	36,427.42	30,605.38	5,822.04
Supplies and Materials	63,500.00	(27.42)	63,472.58	45,584.94	17,887.64
Total - Educational Media Services/School Library	507,661.01	2,141.50	509,802.51	456,566.76	53,235.75
Instructional Staff Training Services:					
Salaries of Other Professional Staff	81,109.00		81,109.00	54,427.13	26,681.87
Purchased Professional- Educational Services	65,000.00	(15,000.00)	50,000.00	4,839.00	45,161.00
Other Purchased Professional and Technical Services	30,000.00		30,000.00	10,380.36	19,619.64
Other Purchased Services	2,971.14	13,500.00	16,471.14	10,063.86	6,407.28
Supplies and Materials	3,000.00		3,000.00	1,424.38	1,575.62
Other Objects		1,500.00	1,500.00	40.00	1,460.00
Total - Instructional Staff Training Services	182,080.14	-	182,080.14	81,174.73	100,905.41
Support Services General Administration:					
Salaries	438,206.00	82.00	438,288.00	429,666.90	8,621.10
Legal Services	135,000.00	55,040.04	190,040.04	190,040.04	
Audit Fees	125,000.00	14,218.80	139,218.80	139,218.80	
Architectural/Engineering Services	60,390.00	(8,007.50)	52,382.50	5,332.44	47,050.06
Other Purchased Professional Services	22,395.00	66,959.96	89,354.96	42,760.10	46,594.86
Communications/Telephone/ Postage	206,000.00	(20,211.30)	185,788.70	152,509.92	33,278.78
BOE Other Purchased Services	6,000.00	600.00	6,600.00	6,424.13	175.87
Other Purchased Services	216,506.90	10,213.00	226,719.90	200,668.71	26,051.19
General Supplies	177,146.18	(80,800.00)	96,346.18	79,484.26	16,861.92
BOE In-House Training / Meeting Supplies	500.00		500.00		500.00
Miscellaneous Expenditures	12,500.00	2,000.00	14,500.00	13,542.49	957.51
BOE Membership Dues and Fees	30,000.00		30,000.00	26,685.68	3,314.32
Total - Support Services General Administration	1,429,644.08	40,095.00	1,469,739.08	1,286,333.47	183,405.61

TOWNSHIP OF PENNSAUKEN 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
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures (Cont'd):					
Support Services School Administration:					
Salaries of Principals/Assistant Principals	\$ 1,703,814.00	\$ 152,021.93	\$ 1,855,835.93	\$ 1,826,591.18	\$ 29,244.75
Salaries of Other Professional Staff	123,187.00	5,132.66	128,319.66	128,319.66	33,113.48
Salaries of Secretarial and Clerical Assistants	734,696.00	26,730.04	761,426.04	728,312.56	5,188.19
Other Salaries	113,348.04	3,001.22	116,349.26	111,161.07	9,895.00
Other Purchased Services	10,500.00	8,592.00	19,092.00	9,197.00	39,578.39
Supplies and Materials	57,119.20	10,447.87	67,567.07	27,988.68	3,293.10
Other Objects	24,500.00		24,500.00	21,206.90	
Total - Support Services School Administration	2,767,164.24	205,925.72	2,973,089.96	2,852,777.05	120,312.91
Central Services:					
Salaries	819,446.00	(38,179.71)	781,266.29	764,195.22	17,071.07
Purchased Technical Services	60,000.00	36,780.00	96,780.00	60,020.99	36,759.01
Other Purchased Professional and Technical Services		2,000.00	2,000.00	1,562.50	437.50
Miscellaneous Purchased Services	12,100.00	(4,590.00)	7,510.00	2,557.17	4,952.83
Supplies and Materials	18,000.00		18,000.00	8,216.65	9,783.35
Miscellaneous Expenditures	4,000.00		4,000.00	1,041.00	2,959.00
Total - Central Services	913,546.00	(3,989.71)	909,556.29	837,593.53	71,962.76
Administrative Information Technology:					
Salaries	318,195.00		318,195.00	311,231.58	6,963.42
Purchased Professional Services	1,000.00	5,000.00	6,000.00	5,928.00	72.00
Purchased Technical Services	66,000.00	(5,000.00)	61,000.00	19,436.59	41,563.41
Other Purchased Services	341,500.00	(350.00)	341,150.00	339,000.40	2,149.60
Supplies and Materials	255,301.89		255,301.89	181,943.22	73,358.67
Total - Administrative Information Technology	981,996.89	(350.00)	981,646.89	857,539.79	124,107.10
Required Maintenance for School Facilities:					
Salaries	1,131,836.00	120,683.37	1,252,519.37	1,181,979.15	70,540.22
Cleaning, Repair & Maintenance Services	228,518.56	7,081.05	235,599.61	180,413.22	55,186.39
General Supplies	192,189.35	23,532.20	215,721.55	151,429.58	64,291.97
Total - Required Maintenance for School Facilities	1,552,543.91	151,296.62	1,703,840.53	1,513,821.95	190,018.58
Other Operation and Maintenance of Plant Services:					
Salaries	2,821,677.00	191,399.30	3,013,076.30	3,008,534.79	4,541.51
Salaries of Non-Instructional Aides	277,689.00	(277,689.00)			
Purchased Professional and Technical Services	210,157.00	(209,282.00)	875.00	875.00	
Cleaning, Repair and Maintenance Services	107,428.40	(875.00)	106,553.40	78,087.67	28,465.73
Rental of Land & Building Other Than Lease Purchase Agreement	130,000.00		130,000.00	128,181.25	1,818.75
Other Purchased Property Services	87,850.00	(5,000.00)	82,850.00	75,504.02	7,345.98
Insurance	448,000.00		448,000.00	420,916.25	27,083.75
Miscellaneous Purchased Services	3,500.00		3,500.00	2,419.32	1,080.68
General Supplies	357,840.00	(30,842.95)	326,997.05	317,123.27	9,873.78
Energy (Natural Gas)	980,000.00		980,000.00	451,809.49	528,190.51
Energy (Electricity)	1,250,000.00		1,250,000.00	1,081,110.69	168,889.31
Other Objects	7,140.00	5,000.00	12,140.00	11,757.02	382.98
Total - Other Operation and Maintenance of Plant Services	6,681,281.40	(327,289.65)	6,353,991.75	5,576,318.77	777,672.98

TOWNSHIP OF PENNSAUKEN 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
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures (Cont'd):					
Undistributed Expenditures - Care & Upkeep of Grounds	\$ 457,350.00	\$ -	\$ 457,350.00	\$ 347,723.34	\$ 109,626.66
Salaries	20,000.00		20,000.00	17,772.50	2,227.50
Cleaning, Repair and Maintenance Services	68,542.58		68,542.58	62,005.85	6,536.73
General Supplies					
Total - Care & Upkeep of Grounds	545,892.58	-	545,892.58	427,501.69	118,390.89
Undistributed Expenditures - Security					
Purchased Professional and Technical Services		\$ 280,278.00	280,278.00	280,277.61	0.39
General Supplies		3,000.00	3,000.00	2,062.50	937.50
Total - Security	-	283,278.00	283,278.00	282,340.11	937.89
Student Transportation Services:					
Salaries of Non-Instructional Aids	276,082.00	(40,000.00)	236,082.00	219,122.47	16,959.53
Salaries for Pupil Transportation (Between Home & School) - Regular	382,767.00	11,837.56	394,604.56	357,933.98	36,670.58
Salaries for Pupil Transportation (Between Home & School) - Special Education	621,200.00	(7,616.85)	613,583.15	589,101.54	24,481.61
Salaries for Pupil Transportation (Other than Between Home & School)	204,000.00	(2,311.05)	201,688.95	190,005.50	11,683.45
Salaries for Pupil Transportation (Between Home & School) - Non-Public School	51,767.00	7,824.69	59,591.69	53,715.16	5,876.53
Management Fee - ESC & CTSA Transportation Program	44,431.00	13,786.57	58,217.57	58,163.67	53.90
Other Purchased Professional and Technical Services	25,000.00	(14,000.00)	11,000.00	4,621.00	6,379.00
Cleaning, Repair and Maintenance Services	35,000.00		35,000.00	22,227.08	12,772.92
Lease Purchase Payments - School Buses	127,000.00	(33,000.00)	94,000.00	813,444.63	94,000.00
Contracted Services (Between Home & School) - Vendors	867,000.00	(40,000.00)	827,000.00	38,069.90	13,553.37
Contracted Services (Other Than Between Home & School) - Vendors	59,224.36	(6,986.75)	52,237.61	32,775.50	14,155.71
Contracted Services (Special Education Students) - Vendors	56,100.00	(15,679.53)	40,420.47	7,644.97	7,644.97
Contracted Services (Special Education Students) - ESCs & CTAS	1,110,780.00	76,413.43	1,187,193.43	1,163,273.55	23,919.88
Contracted Services - Aid in Lieu of Payments - Non-Public Schools	226,000.00		226,000.00	220,459.50	5,540.50
Contracted Services - Aid in Lieu of Payments - Charter Schools	52,000.00		52,000.00	55,019.13	10,240.87
Contracted Services - Aid in Lieu of Payments - Choice Schools				17,856.00	17,856.00
Miscellaneous Purchased Services	2,000.00		2,000.00	1,632.59	367.41
General Supplies	98,194.00	(320.47)	97,873.53	97,163.04	710.49
Transportation Supplies	387,567.00	10,000.00	397,567.00	355,596.94	41,970.06
Other Objects	10,000.00	1,500.00	11,500.00	10,749.50	750.50
Total - Student Transportation Services	4,636,112.36	(2,304.40)	4,633,807.96	4,300,930.68	332,877.28
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	1,123,055.00		1,123,055.00	974,010.39	149,044.61
Other Retirement Contributions -Regular	1,277,257.00	(0.02)	1,277,256.98	1,085,406.87	191,850.11
Workers Compensation	545,700.00		545,700.00	371,022.00	174,678.00
Health Benefits	16,046,955.00	(271,410.32)	15,775,544.68	13,883,790.49	1,891,754.19
Tuition Reimbursements	160,000.00		160,000.00	81,031.00	78,969.00
Other Employee Benefits	373,000.00		373,000.00	181,234.20	191,765.80
Total - Unallocated Benefits - Employee Benefits	19,525,967.00	(271,410.34)	19,254,556.66	16,576,494.95	2,678,061.71

TOWNSHIP OF PENNSAUKEN 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
EXPENDITURES (CONTD):					
GENERAL CURRENT EXPENSE (CONTD):					
Undistributed Expenditures (Cont'd):					
TPAF Contributions:					
On-behalf TPAF Pension Contributions				\$ 2,407,870.00	\$ (2,407,870.00)
On-behalf TPAF Medical Contributions				2,722,693.00	(2,722,693.00)
Reimbursed TPAF Social Security Contributions				2,634,384.73	(2,634,384.73)
Total TPAF Contributions	-	-	-	7,764,947.73	(7,764,947.73)
Total Undistributed Expenses	\$ 46,270,437.09	\$ 75,957.54	\$ 46,346,394.63	48,386,863.61	(2,040,468.98)
Total Expenditures - Current Expense	89,481,763.27	(226,483.70)	89,255,279.57	86,247,839.88	3,007,439.69
CAPITAL OUTLAY:					
Equipment:					
Grades 1-5					
Undistributed Expenditures - Admin Info Tech.		23,303.70	23,303.70	23,303.70	
Undistributed Expenditures - Operation and Maintenance of Plant	21,500.00	8,000.00	29,500.00	22,822.89	6,677.11
Undistributed Expenditures - Other Maintenance and Operation for Schools	90,744.00	13,770.00	104,514.00	104,257.00	257.00
Undistributed Expenditures - Student Trans. - Non-Inst. Equip.		2,400.00	2,400.00	2,400.00	
School Buses - Regular	56,545.00	(47,400.00)	9,145.00		9,145.00
	57,147.00	(13,770.00)	557,700.00	542,200.00	15,500.00
Total - Equipment	740,259.00	(13,696.30)	726,562.70	694,983.59	31,579.11
Facilities Acquisition and Construction Services:					
Architectural / Engineering Services	250,000.00	(6,378.00)	243,622.00	235,567.69	8,054.31
Construction Services	1,734,361.00	97,702.00	1,832,063.00	1,822,063.00	10,000.00
Total - Facilities Acquisition and Construction Services	1,984,361.00	91,324.00	2,075,685.00	2,057,630.69	18,054.31
Total Capital Outlay	2,724,620.00	77,627.70	2,802,247.70	2,752,614.28	49,633.42
Transfer of Funds to Charter Schools	1,840,619.00	152,975.00	1,993,594.00	1,988,577.00	5,017.00
Total Expenditures	94,047,002.27	4,119.00	94,051,121.27	90,989,031.16	3,062,090.11

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General 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>
Calculation of Deficiency of Revenues Under Expenditures:					
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (9,855,673.27)	-	\$ (9,855,673.27)	\$ 1,552,529.36	\$ 11,408,202.63
Other Financing Sources (Uses):					
Change in Supplies Inventory				(20,090.53)	(20,090.53)
Cancellation of Tuition Receivable				(244,121.98)	244,121.98
Cancellation of Other Accounts Receivable				(44,584.00)	44,584.00
Cancellation of Special Revenue Grant Balances				10,723.42	10,723.42
Total - Other Financing Sources (Uses)	-	-	-	(298,073.09)	279,338.87
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(9,855,673.27)	-	(9,855,673.27)	1,254,456.27	11,110,129.54
Fund Balances, July 1	17,329,232.45	-	17,329,232.45	17,329,232.45	-
Fund Balances, June 30	<u>\$ 7,473,559.18</u>	<u>-</u>	<u>\$ 7,473,559.18</u>	<u>\$ 18,583,688.72</u>	<u>\$ 11,110,129.54</u>
Recapitulation:					
Nonspendable Fund Balance:				\$ 205,893.61	
Reserve for Supplies Inventory				8,118,643.20	
Restricted Fund Balance:				435,146.38	
Excess Surplus				3,189,831.45	
Emergency Reserve				1,265,000.00	
Capital Reserve				192,155.77	
Capital Reserve -- Designated for Subsequent Years Expenditures				3,138,144.00	
Assigned Fund Balance:				2,038,874.31	
Other Purposes				18,583,688.72	
Designated for Subsequent Years Expenditures				(4,498,642.00)	
Unassigned Fund Balance				<u>\$ 14,085,046.72</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis					
Fund Balance per Governmental Funds (GAAP)					

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

	Original <u>Budget</u>	Budget <u>Modifications</u>	Final <u>Budget</u>	Actual	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Federal Sources:					
Education Jobs Fund	-	4,119.00	\$ 4,119.00	\$ 4,119.00	-
EXPENDITURES:					
GENERAL CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of Teachers:		4,119.00	4,119.00	4,119.00	-
Grades 9 - 12		4,119.00	4,119.00	4,119.00	-
Total Expenditures - Current Expense					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-	-	-
Fund Balances, July 1					
Fund Balances, June 30					

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
State Sources:					
Preschool Education Aid	\$ 775,350.00	\$ 733,302.97	\$ 1,508,652.97	\$ 1,371,950.85	\$ 136,702.12
Adult Education Aid		28,400.00	28,400.00	28,400.00	
Non-Public Nursing		82,727.00	82,727.00	82,726.98	0.02
Non-Public Textbook		59,604.00	59,604.00	21,573.49	38,030.51
Non-Public Technology		21,998.00	21,998.00	18,900.24	3,097.76
Chapter 192 Auxiliary Services		277,719.92	277,719.92	210,444.92	67,275.00
Chapter 193 Handicapped Services		205,052.00	205,052.00	129,186.00	75,866.00
Total - State Sources	775,350.00	1,408,803.89	2,184,153.89	1,863,182.48	320,971.41
Federal Sources:					
Title I	1,278,965.00	773,753.44	2,052,718.44	1,480,821.07	571,897.37
Title II Part A	180,331.00	179,868.52	360,199.52	65,394.52	294,805.00
Title III	42,820.00	30,058.73	72,878.73	5,432.73	67,446.00
Race To The Top		106,728.00	106,728.00	75,024.75	31,703.25
I.D.E.I.A., Part B Basic	1,458,806.00	446,528.92	1,905,334.92	1,579,325.20	326,009.72
I.D.E.I.A., Part B, Preschool		96,885.00	96,885.00	79,403.84	17,481.16
Total - Federal Sources	2,960,922.00	1,633,822.61	4,594,744.61	3,285,402.11	1,309,342.50
Local Sources:					
PASA		13,345.89	13,345.89	4,712.61	8,633.28
West Jersey Reading Council		500.00	500.00		500.00
Safety Grant		8,833.00	8,833.00		8,833.00
Not on Tobacco		940.00	940.00		940.00
Lehigh Gas Science and Math		500.00	500.00		500.00
Joann Fabrics Roosevelt		2,000.00	2,000.00	350.00	1,650.00
Total - Local Sources	-	26,118.89	26,118.89	5,062.61	21,056.28
Total Revenues	\$ 3,736,272.00	\$ 3,068,745.39	\$ 6,805,017.39	\$ 5,153,647.20	\$ 1,651,370.19

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 1,532,293.76	\$ 747,563.24	\$ 2,279,857.00	\$ 1,699,920.07	\$ 579,936.93
Other Salaries for Instruction	97,345.00	15,000.00	112,345.00	101,983.97	10,361.03
Purchased Professional & Technical Services	81,931.96	306,391.71	388,323.67	301,069.72	87,253.95
Tuition	1,211,674.11	507,107.89	1,718,782.00	1,514,135.89	204,646.11
Travel		700.00	700.00	495.61	204.39
General Supplies	111,637.36	157,709.23	269,346.59	97,529.79	171,816.80
Textbooks	21,807.07	72,796.93	94,604.00	23,323.05	71,280.95
Other Objects	13,968.99	13,951.01	27,920.00	2,006.00	25,914.00
Total Instruction	3,070,658.25	1,821,220.01	4,891,878.26	3,740,464.10	1,151,414.16
Support Services:					
Salaries of Other Professional Staff		17,000.00	17,000.00	1,799.50	15,200.50
Other Salaries		9,920.00	9,920.00	2,240.00	7,680.00
Personal Services - Employee Benefits	391,440.12		164,013.88	512,524.74	42,929.26
Purchased Professional & Technical Services	33,774.04	216,728.21	250,502.25	116,908.21	133,594.04
Purchased Professional Educational Services	140,908.33	99,525.68	240,434.01	152,479.25	87,954.76
Other Purchased Services	6,507.24	129,430.33	135,937.57	124,896.70	11,040.87
Contracted Services - Transportation Between Home and School		14,784.00	14,784.00		14,784.00
Contracted Services - Transportation Other than Between Home and School		8,640.00	8,640.00	4,078.00	4,562.00
Travel		300.00	300.00	20.44	279.56
Supplies and Materials	77,594.60	120,708.70	198,303.30	27,026.40	171,276.90
Other Objects		5,000.00	5,000.00	79.16	4,920.84
Total Support Services	650,224.33	786,050.80	1,436,275.13	942,052.40	494,222.73
Capital Outlay:					
Instructional Equipment	15,389.42	41,760.58	57,150.00	51,417.39	5,732.61
Non-Instructional Equipment		419,714.00	419,714.00	419,713.31	0.69
Total Expenditures	\$ 3,736,272.00	\$ 3,068,745.39	\$ 6,805,017.39	\$ 5,153,647.20	\$ 1,651,370.19

TOWNSHIP OF PENNSAUKEN 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>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 92,541,560.52	\$ 5,153,647.20
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(31,467.49)
The Restricted State Aids recorded in the Special Revenue Fund are realized utilizing the budgetary basis which dictates that revenue must equal expenditures and differs from GAAP which recognizes the revenue once the eligibility criteria are met as specified in Note 1 and GASB 33.		(563,330.85)
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.	4,238,920.00	86,241.00
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>(4,498,642.00)</u>	<u>(77,535.00)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 92,281,838.52</u>	<u>\$ 4,567,554.86</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 90,989,031.16	\$ 5,153,647.20
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(31,467.49)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 90,989,031.16</u>	<u>\$ 5,122,179.71</u>

REQUIRED SUPPLEMENTARY INFORMATION
PART III

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Funding Progress for Health Benefits Plan
 For the Fiscal Year Ended June 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
06/30/13	-	\$ 1,336,878.00	\$ 1,336,878.00	-	N/A	N/A
06/30/11	-	1,530,715.00	1,530,715.00	-	N/A	N/A
06/30/09	-	1,427,721.00	1,427,721.00	-	N/A	N/A

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Notes to Required Supplementary Information
 For the Fiscal Year Ended June 30, 2013

Other Postemployment Benefits

The information presented in the required supplementary schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation is as follows:

Valuation Date	June 30, 2013
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate	5.0%
Rate of Salary Increases	N/A
Rate of Dental Inflation	5.0%

For determining the annual required contribution (ARC), the rate of employer contributions to the Plan is composed of the normal cost plus amortization of the unfunded actuarial accrued liability (UAAL), multiplied by the sum of 1 plus the discount rate, or 1.05. The normal cost is a portion of the actuarial present value of plan benefits and expenses which is allocated to a valuation year by the actuarial cost method. The actuarial accrued liability (AAL) is that portion of the present value of projected benefits that will not be paid by future employer normal costs. The difference between this liability and the funds accumulated as of the same date is the unfunded actuarial liability (UAL).

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

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

	I.A.S.A.				Total Brought Forward
	Total	Title I	Title II Part A	Title III	Race To The Top
REVENUES:					
Federal Sources	\$ 3,285,402.11	\$ 1,480,821.07	\$ 65,394.52	\$ 5,432.73	\$ 75,024.75
State Sources	1,863,182.48				
Local Sources	5,062.61				
Total Revenues	\$ 5,153,647.20	\$ 1,480,821.07	\$ 65,394.52	\$ 5,432.73	\$ 75,024.75
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 1,699,920.07	\$ 1,145,661.36	\$ 37,114.50	\$ 2,640.00	\$ 514,504.21
Other Salaries for Instruction	101,983.97				101,983.97
Purchased Professional & Technical Services	301,069.72	51,167.75			249,901.97
Tuition	1,514,135.89				1,484,487.89
Travel	495.61				495.61
General Supplies	97,529.79	4,225.58		2,590.76	90,713.45
Textbooks	23,323.05				23,323.05
Other Objects	2,006.00				2,006.00
Total Instruction	\$ 3,740,464.10	\$ 1,201,054.69	\$ 37,114.50	\$ 5,230.76	\$ 2,467,416.15
Support Services:					
Salaries of Other Professional Staff	1,799.50				1,799.50
Other Salaries	2,240.00	2,240.00			
Personal Services - Employee Benefits	512,524.74	250,956.63	2,839.26		258,728.85
Purchased Professional & Technical Services	116,908.21	26,562.47	15,000.00		71,936.74
Purchased Professional Educational Services	152,479.25				152,479.25
Other Purchased Services	124,896.70			201.97	82,726.98
Contracted Services - Transportation Other than Between Home and School	4,078.00				4,078.00
Travel	20.44				20.44
Supplies and Materials	27,026.40	7.28	10,440.76		16,578.36
Other Objects	79.16				79.16
Total Support Services	\$ 942,052.40	\$ 279,766.38	\$ 28,280.02	\$ 201.97	\$ 45,376.75
Capital Outlay:					
Instructional Equipment	51,417.39				51,417.39
Non-Instructional Equipment	419,713.31				419,713.31
Total Capital Outlay	\$ 471,130.70	\$ -	\$ -	\$ -	\$ 471,130.70
Total Expenditures	\$ 5,153,647.20	\$ 1,480,821.07	\$ 65,394.52	\$ 5,432.73	\$ 75,024.75

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

	I.D.E.I.A. Part B					Total Brought Forward
	Total Carried Forward	Basic	Preschool	Preschool Education Aid	Adult Education Aid	
REVENUES:						
Federal Sources	\$ 1,658,729.04	\$ 1,579,325.20	\$ 79,403.84	\$	\$ 28,400.00	\$ 462,831.63
State Sources	1,863,182.48					5,062.61
Local Sources	5,062.61					
Total Revenues	\$ 3,526,974.13	\$ 1,579,325.20	\$ 79,403.84	\$ 1,371,950.85	\$ 28,400.00	\$ 467,894.24
EXPENDITURES:						
Instruction:						
Salaries of Teachers	\$ 514,504.21	\$ 5,632.00		\$ 482,221.77	\$ 26,650.44	
Other Salaries for Instruction	101,983.97			101,983.97		
Purchased Professional & Technical Services	249,901.97	26,527.50				\$ 223,374.47
Tuition	1,484,487.89	1,410,084.05	\$ 74,403.84			
Travel	495.61			495.61		
General Supplies	90,713.45	38,995.42		43,411.73	1,749.56	3,306.30
Textbooks	23,323.05		5,000.00			21,573.49
Other Objects	2,006.00			1,600.00		406.00
Total Instruction	2,467,416.15	1,481,238.97	79,403.84	629,713.08	28,400.00	248,660.26
Support Services:						
Salaries of Other Professional Staff	1,799.50			1,799.50		
Personal Services - Employee Benefits	258,728.85	430.85		258,298.00		
Purchased Professional & Technical Services	71,936.74	70,236.74		1,700.00		
Purchased Professional Educational Services	152,479.25	12,514.25		10,779.00		129,186.00
Other Purchased Services	82,726.98					82,726.98
Contracted Services - Transportation Other than Between Home and School	4,078.00					4,078.00
Travel	20.44			20.44		
Supplies and Materials	16,578.36			16,578.36		
Other Objects	79.16			79.16		
Total Support Services	588,427.28	83,181.84	-	289,254.46	-	215,990.98
Capital Outlay:						
Instructional Equipment	51,417.39	14,904.39		33,270.00		3,243.00
Non-Instructional Equipment	419,713.31			419,713.31		
Total Capital Outlay	471,130.70	14,904.39	-	452,983.31	-	3,243.00
Total Expenditures	\$ 3,526,974.13	\$ 1,579,325.20	\$ 79,403.84	\$ 1,371,950.85	\$ 28,400.00	\$ 467,894.24

TOWNSHIP OF PENNSAUKEN 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	Non-Public Textbook Aid 2012-2013	Non-Public Nursing 2012-2013	Non-Public Technology Aid 2012-2013	PASA	Joann Fabrics Roosevelt	Total Brought Forward
REVENUES:							
State Sources	\$ 462,831.63	\$ 21,573.49	\$ 82,726.98	\$ 18,900.24	\$ 4,712.61	\$ 350.00	\$ 339,630.92
Local Sources	5,062.61						
Total Revenues	\$ 467,894.24	\$ 21,573.49	\$ 82,726.98	\$ 18,900.24	\$ 4,712.61	\$ 350.00	\$ 339,630.92
EXPENDITURES:							
Instruction:							
Salaries of Teachers							
Other Salaries for Instruction							
Purchased Professional & Technical Services	\$ 223,374.47			\$ 13,899.55	\$ 2,758.00	\$ 350.00	\$ 206,366.92
Tuition							
Travel							
General Supplies	3,306.30			1,757.69	1,548.61		
Textbooks	21,573.49	\$ 21,573.49			406.00		
Other Objects	406.00						
Total Instruction	248,660.26	21,573.49	-	15,657.24	4,712.61	350.00	206,366.92
Support Services:							
Salaries of Other Professional Staff							
Personal Services - Employee Benefits							
Purchased Professional & Technical Services							
Purchased Professional Educational Services	129,186.00						129,186.00
Other Professional Services	82,726.98		\$ 82,726.98				
Contracted Services - Transportation Other than Between Home and School	4,078.00						4,078.00
Travel							
Supplies and Materials							
Other Objects							
Total Support Services	215,990.98	-	82,726.98	-	-	-	133,264.00
Capital Outlay:							
Instructional Equipment	3,243.00			3,243.00			
Non-Instructional Equipment							
Total Capital Outlay	3,243.00	-	-	3,243.00	-	-	-
Total Expenditures	\$ 467,894.24	\$ 21,573.49	\$ 82,726.98	\$ 18,900.24	\$ 4,712.61	\$ 350.00	\$ 339,630.92

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

	N.J. Non-Public Handicapped Services Ch. 193				N.J. Non-Public Auxiliary Services Ch. 192			
	Total Carried Forward	Supplemental Instruction	Examination and Classification	Corrective Speech	Compensatory Education	English as a Second Language	Home Instruction	Transportation
REVENUES:								
State Sources	\$ 339,630.92	\$ 31,152.00	\$ 57,177.00	\$ 40,857.00	\$ 195,564.00	\$ 9,890.00	\$ 912.92	\$ 4,078.00
Total Revenues	\$ 339,630.92	\$ 31,152.00	\$ 57,177.00	\$ 40,857.00	\$ 195,564.00	\$ 9,890.00	\$ 912.92	\$ 4,078.00
EXPENDITURES:								
Instruction:								
Salaries of Teachers								
Other Salaries for Instruction								
Purchased Professional & Technical Services	\$ 206,366.92			\$ 195,564.00	\$ 9,890.00	\$ 912.92		
Other Purchased Services								
Tuition								
General Supplies								
Textbooks								
Other Objects								
Total Instruction	206,366.92	-	-	-	195,564.00	9,890.00	912.92	-
Support Services:								
Salaries of Other Professional Staff								
Other Salaries								
Personal Services - Employee Benefits								
Purchased Professional & Technical Services	129,186.00	\$ 31,152.00	\$ 57,177.00	\$ 40,857.00				
Purchased Professional Educational Services								
Other Purchased Services								
Contracted Services - Transportation Other than Between Home and School	4,078.00							\$ 4,078.00
Travel								
Supplies and Materials								
Other Objects								
Total Support Services	133,264.00	31,152.00	57,177.00	40,857.00	-	-	-	4,078.00
Capital Outlay:								
Instructional Equipment								
Non-Instructional Equipment								
Total Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	\$ 339,630.92	\$ 31,152.00	\$ 57,177.00	\$ 40,857.00	\$ 195,564.00	\$ 9,890.00	\$ 912.92	\$ 4,078.00

TOWNSHIP OF PENNSAUKEN 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	\$ 495,860.00	\$ 482,221.77	\$ 13,638.23
Other Salaries for Instruction	112,345.00	101,983.97	10,361.03
Travel	700.00	495.61	204.39
General Supplies	60,000.00	43,411.73	16,588.27
Other Objects	<u>5,000.00</u>	<u>1,600.00</u>	<u>3,400.00</u>
Total Instruction	<u>673,905.00</u>	<u>629,713.08</u>	<u>44,191.92</u>
Support Services:			
Salaries of Other Professional Staff	17,000.00	1,799.50	15,200.50
Employee Benefits	258,298.00	258,298.00	
Other Purchased Professional Educational Services	35,382.00	10,779.00	24,603.00
Purchased Professional & Technical Services	7,000.00	1,700.00	5,300.00
Travel	300.00	20.44	279.56
Transportation Other than Between Home & School - Contracted	8,640.00		8,640.00
Supplies and Materials	50,000.00	16,578.36	33,421.64
Other Objects	<u>5,000.00</u>	<u>79.16</u>	<u>4,920.84</u>
Total Support Services	<u>381,620.00</u>	<u>289,254.46</u>	<u>92,365.54</u>
Facilities Acquisition and Construction Services:			
Instructional Equipment	33,286.00	33,270.00	16.00
Non-Instructional Equipment	<u>419,714.00</u>	<u>419,713.31</u>	<u>0.69</u>
Total Facilities Acquisition and Construction Services	<u>453,000.00</u>	<u>452,983.31</u>	<u>16.69</u>
Total Expenditures	<u>\$ 1,508,525.00</u>	<u>\$ 1,371,950.85</u>	<u>\$ 136,574.15</u>
 <u>Calculation of Budget and Carryover</u>			
2012-13 Revised Preschool Education Aid Allocation			\$ 775,350.00
2011-12 Encumbrances Canceled			127.98
Actual ECPA/PEA Carryover (June 30, 2012)			<u>733,175.01</u>
Total Preschool Education Aid Funds Available for 2012-13 Budget			1,508,652.99
Less: 2012-13 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)			<u>(1,508,525.00)</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2013			127.99
Add: 2012-13 Unexpended Preschool Education Aid			<u>136,574.15</u>
2012-13 Preschool Education Aid Actual Carryover			<u>\$ 136,702.14</u>
2012-13 Preschool Education Aid Actual Carryover Budgeted for Preschool Programs 2013-14			<u><u>-</u></u>

CAPITAL PROJECTS FUND

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Summary Schedule of Project Expenditures
 For the Fiscal Year Ended June 30, 2013

<u>Project Title / Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Prior Years</u>	<u>Expenditures to Date</u>		<u>Cancellations</u>	<u>Unexpended Balance June 30, 2013</u>
				<u>Prior Years</u>	<u>Current Year</u>		
Middle School Window Replacement	10/8/2009	\$ 1,549,603.00	\$ 1,285,003.00		\$		\$ 264,600.00
Renovation of Senior High School Window Replacement	7/1/2011	2,600,000.00	110,700.00	\$ 129,039.80			2,360,260.20
Central School Demolition	7/1/2011	1,000,000.00	172,294.57	623,940.70			203,764.73
Total		\$ 5,149,603.00	\$ 1,567,997.57	\$ 752,980.50		-	\$ 2,828,624.93
Unreserved Designated for Subsequent Years Expenditures							\$ 890,043.73
Reserve for Encumbrances							1,938,581.20
							\$ 2,828,624.93

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance -- Budgetary Basis
For the Fiscal Year Ended June 30, 2013

Revenues and Other Financing Sources

Total Revenues

-

Expenditures and Other Financing Uses

Expenditures:

Other Purchased Professional and Technical Services

\$ 9,225.00

Construction Services

743,755.50

Total Expenditures

\$ 752,980.50

Excess (Deficiency) of Revenues Over (Under) Expenditures

(752,980.50)

Fund Balance -- July 1

3,581,605.43

Fund Balance -- June 30

\$ 2,828,624.93

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
 Middle School Window Replacement
 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>
Revenues and Other Financing Sources				
State Sources--EDA Grant	\$ 1,032,762.00		\$ 1,032,762.00	\$ 1,032,762.00
Bond Proceeds and Transfers				
Proceeds from Lease Purchase				
Other Local Sources				
Transfer from Capital Reserve				
Transfer from Capital Outlay	516,841.00		516,841.00	516,841.00
Total Revenues	<u>1,549,603.00</u>	<u>-</u>	<u>1,549,603.00</u>	<u>1,549,603.00</u>
Expenditures and Other Financing Uses				
Legal Services				
Other Purchased Professional and Technical Services	119,400.00		119,400.00	119,400.00
Construction Services	1,165,603.00		1,165,603.00	1,430,203.00
Transfer to Debt Service Fund				
Total Expenditures	<u>1,285,003.00</u>	<u>-</u>	<u>1,285,003.00</u>	<u>1,549,603.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 264,600.00</u>	<u>-</u>	<u>\$ 264,600.00</u>	<u>-</u>
Additional Project Information:				
Project Number	4060-055-09-1003			
Grant Date	10/8/2009			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 1,597,400.00			
Additional Authorized Cost	(47,797.00)			
Revised Authorized Cost	1,549,603.00			
Percentage Increase over Original Authorized Cost	-2.99%			
Percentage Completion	82.92%			
Original Target Completion Date	1/31/2011			
Revised Target Completion Date	6/30/2013			

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
 Senior High School Window Replacement
 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>
Revenues and Other Financing Sources				
State Sources--EDA Grant				
Bond Proceeds and Transfers				
Proceeds from Lease Purchase				
Transfer from Capital Outlay				
Transfer from Capital Reserve	\$ 2,600,000.00		\$ 2,600,000.00	\$ 2,600,000.00
Transfer from Capital Outlay				
Total Revenues	<u>2,600,000.00</u>	<u>-</u>	<u>2,600,000.00</u>	<u>2,600,000.00</u>
Expenditures and Other Financing Uses				
Legal Services				
Other Purchased Professional and Technical Services	110,700.00	\$ 9,225.00	119,925.00	170,000.00
Construction Services		119,814.80	119,814.80	2,430,000.00
Transfer to Debt Service Fund				
Total Expenditures	<u>110,700.00</u>	<u>129,039.80</u>	<u>239,739.80</u>	<u>2,600,000.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,489,300.00</u>	<u>\$ (129,039.80)</u>	<u>\$ 2,360,260.20</u>	<u>-</u>
Additional Project Information:				
Project Number	4060-050-11-1000			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 2,600,000.00			
Additional Authorized Cost	0.00			
Revised Authorized Cost	2,600,000.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	9.22%			
Original Target Completion Date	4/30/2013			
Revised Target Completion Date	6/30/2014			

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
 Central School Demolition
 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>
Revenues and Other Financing Sources				
State Sources--EDA Grant				
Bond Proceeds and Transfers				
Proceeds from Lease Purchase				
Other Local Sources				
Transfer from Capital Reserve	\$ 1,000,000.00		\$ 1,000,000.00	\$ 1,000,000.00
Transfer from Capital Outlay				
	<u>1,000,000.00</u>	<u>-</u>	<u>1,000,000.00</u>	<u>1,000,000.00</u>
Total Revenues				
Expenditures and Other Financing Uses				
Legal Services				
Other Purchased Professional and Technical Services	26,683.00		26,683.00	42,000.00
Construction Services	145,611.57	\$ 623,940.70	769,552.27	958,000.00
Transfer to Debt Service Fund				
	<u>172,294.57</u>	<u>623,940.70</u>	<u>796,235.27</u>	<u>1,000,000.00</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>827,705.43</u>	<u>\$ (623,940.70)</u>	<u>\$ 203,764.73</u>	<u>-</u>
Additional Project Information:				
Project Number	4060-103-09-1000			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 1,000,000.00			
Additional Authorized Cost	0.00			
Revised Authorized Cost	1,000,000.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	79.62%			
Original Target Completion Date	12/31/2012			
Revised Target Completion Date	8/31/2013			

PROPRIETARY FUNDS

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

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 883,152.53
Accounts Receivable:	
State	5,903.38
Federal	344,268.22
Other	10,916.39
Inventories	46,900.04
Total Current Assets	1,291,140.56
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	1,543,589.76
Furniture, Machinery and Equipment	(1,113,163.41)
Less Accumulated Depreciation	(1,113,163.41)
Total Noncurrent Assets	430,426.35
Total Assets	1,721,566.91
LIABILITIES:	
Current Liabilities:	
Interfund Accounts Payable:	
Due General Fund	729,510.21
Accounts Payable	37,823.24
Unearned Revenue	14,716.09
	782,049.54
Noncurrent Liabilities:	
Compensated Absences Payable	61,120.24
Total Liabilities	843,169.78
NET POSITION:	
Net Investment in Capital Assets	430,426.35
Unrestricted	447,970.78
Total Net Position	\$ 878,397.13

TOWNSHIP OF PENNSAUKEN 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>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs:	
School Lunch Program	\$ 383,875.12
School Breakfast Program	12,830.75
Special Milk Program	3,187.75
Daily Sales - Non-Reimbursable Programs	381,416.63
Miscellaneous	9,931.29
Special Functions	22,150.53
	<hr/>
Total Operating Revenues	813,392.07
OPERATING EXPENSES:	
Salaries	788,972.70
Employee Benefits	617,117.97
General Supplies	8,091.64
Depreciation	87,684.14
Cost of Sales	1,424,852.72
Miscellaneous	48,874.69
	<hr/>
Total Operating Expenses	2,975,593.86
Operating Income / (Loss)	<hr/> <u>(2,162,201.79)</u>
NONOPERATING REVENUES (EXPENSES):	
State Sources:	
State School Lunch Program	34,271.02
Federal Sources:	
National School Lunch Program	1,518,949.27
National School Breakfast Program	344,643.68
Special Milk Program	5,504.47
Food Distribution Program	184,056.68
Fresh Fruit and Vegetable Program	62,327.25
Interest Revenue	8,215.02
	<hr/>
Total Nonoperating Revenues (Expenses)	2,157,967.39
Change in Net Position	(4,234.40)
Net Position -- July 1	<hr/> 882,631.53
Net Position -- June 30	<hr/> <u>\$ 878,397.13</u>

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

Enterprise Fund

Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2013

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 807,982.26
Payments to Employees	(781,548.46)
Payments for Employee Benefits	(617,117.97)
Payments for Supplies and Services	<u>(1,484,973.88)</u>
Net Cash Provided by (used for) Operating Activities	<u>(2,075,658.05)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
State Sources	29,844.70
Federal Sources	1,851,008.72
Operating Subsidies and Transfers	<u>(65,725.10)</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>1,815,128.32</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of Capital Assets	<u>(17,142.00)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Revenue	<u>8,215.02</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(269,456.71)
Cash and Cash Equivalents -- July 1	<u>1,152,609.24</u>
Cash and Equivalents -- June 30	<u>\$ 883,152.53</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)	
by Operating Activities:	
Operating Income (Loss)	\$ (2,162,201.79)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided by (used for) Operating Activities:	
Depreciation and Net Amortization	87,684.14
(Increase) Decrease in Inventories	(9,183.62)
Increase (Decrease) in Accounts Payable	6,028.79
Increase (Decrease) in Unearned Revenue	1,958.33
Increase (Decrease) in Accrued Salary Benefits	7,424.24
(Increase) Decrease in Accounts Receivable	<u>(7,368.14)</u>
Total Adjustments	<u>86,543.74</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (2,075,658.05)</u>

FIDUCIARY FUNDS

TOWNSHIP OF PENNSAUKEN 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>Scholarship Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS:					
Cash and Cash Equivalents	\$ 19,394.06	\$ 487,331.83	\$ 252,152.97	\$ 294,232.24	\$ 1,053,111.10
Accounts Receivable:					
Interfund Accounts Receivable:					
Due Agency Fund -- Payroll		51,772.21			51,772.21
Total Assets	-	51,772.21	-	-	51,772.21
 Total Assets	19,394.06	539,104.04	\$ 252,152.97	\$ 294,232.24	1,104,883.31
LIABILITIES:					
Accounts Payable		8,173.98			8,173.98
Interfund Accounts Payable:					
Due Unemployment Fund				\$ 51,772.21	51,772.21
Due Permanent Fund			\$ 846.59		846.59
Due General Fund		63,896.43		62,824.95	126,721.38
Payable to Student Groups			251,306.38		251,306.38
Payroll Deductions and Withholdings				179,635.08	179,635.08
Total Liabilities	-	72,070.41	\$ 252,152.97	\$ 294,232.24	618,455.62
NET POSITION:					
Held in Trust for Unemployment Claims and Other Purposes	\$ 19,394.06	\$ 467,033.63			\$ 486,427.69

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

	Scholarship Trust	Unemployment Compensation Trust
ADDITIONS:		
Contributions and Donations from Payroll Deductions Withheld		\$ 74,904.24
Scholarship Donations	\$ 1,118.00	
Investment Earnings: Interest	39.06	3,728.33
Total Additions	<u>1,157.06</u>	<u>78,632.57</u>
DEDUCTIONS:		
Scholarship Awards	3,250.00	
Unemployment Claims		<u>123,416.80</u>
Total Deductions	<u>3,250.00</u>	<u>123,416.80</u>
Change in Net Position	(2,092.94)	(44,784.23)
Net Position -- July 1	<u>21,487.00</u>	<u>511,817.86</u>
Net Position -- June 30	<u>\$ 19,394.06</u>	<u>\$ 467,033.63</u>

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

	<u>Balance June 30, 2012</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2013</u>
GENERAL	\$ 142,368.49	\$ 972.20	\$ 20,500.00	\$ 122,840.69
MIDDLE SCHOOL	29,020.41	54,051.31	54,607.61	28,464.11
INTERMEDIATE SCHOOL	2,840.29	13,448.74	10,115.03	6,174.00
SENIOR HIGH SCHOOL:				
Pennsauken High School	101,818.14	328,813.71	336,267.51	94,364.34
Student Athletics	32.66	47,923.67	47,646.50	309.83
Total High School	101,850.80	376,737.38	383,914.01	94,674.17
Total All Schools	<u>\$ 276,079.99</u>	<u>\$ 445,209.63</u>	<u>\$ 469,136.65</u>	<u>\$ 252,152.97</u>

TOWNSHIP OF PENNSAUKEN 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
ASSETS:				
Cash and Cash Equivalents	\$ 26,505.46	\$ 56,034,811.26	\$ 55,767,084.48	\$ 294,232.24
Refunds Receivable	15,764.58		15,764.58	
Due from General Fund	71,981.14		71,981.14	
Total Assets	\$ 114,251.18	\$ 56,034,811.26	\$ 55,854,830.20	\$ 294,232.24
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 84,841.82	\$ 24,171,570.51	\$ 24,076,777.25	\$ 179,635.08
Net Payroll		31,725,511.56	31,725,511.56	
Interfund Accounts Payable:				
Expendable Trust Fund	29,409.36	74,904.24	52,541.39	51,772.21
General Fund		62,824.95		62,824.95
Total Liabilities	\$ 114,251.18	\$ 56,034,811.26	\$ 55,854,830.20	\$ 294,232.24

LONG-TERM DEBT

TOWNSHIP OF PENNSAUKEN 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>Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2013</u>
Series 2005	02/24/05	\$ 31,685,000.00	4-1-14	\$ 3,130,000.00	4.25%				
			4-1-15	3,230,000.00	4.25%				
			4-1-16	3,295,000.00	3.90%				
			4-1-17	3,475,000.00	3.95%				
			4-1-18	3,650,000.00	4.00%				
			4-1-19	3,730,000.00	4.00%	\$ 23,550,000.00		\$ 3,040,000.00	\$ 20,510,000.00

TOWNSHIP OF PENNSAUKEN 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	Interest Rate Payable	Amount Outstanding June 30, 2012 (a)	Issued Current Year	Retired Current Year	Amount Outstanding June 30, 2013 (a)
(1) Student Information System	09/01/11	3 Years	\$ 137,450.00	\$ 12,550.00	3.620%	\$ 137,450.00	\$ -	\$ 43,815.70	\$ 93,634.30
(2) Cannon Copiers	03/10/10	3 Years	193,782.00	17,731.20	3.500%	110,755.64	-	39,048.79	71,706.85
						<u>\$ 248,205.64</u>	<u>\$ -</u>	<u>\$ 82,864.49</u>	<u>\$ 165,341.15</u>

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

TOWNSHIP OF PENNSAUKEN 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	\$ 2,391,843.00		\$ 2,391,843.00	\$ 2,391,843.00	
State Sources:					
Debt Service Aid Type II	1,593,612.00		1,593,612.00	1,593,612.00	
Total Revenues	<u>3,985,455.00</u>	<u>-</u>	<u>3,985,455.00</u>	<u>3,985,455.00</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	945,455.00		945,455.00	945,455.02	\$ (0.02)
Redemption of Principal	3,040,000.00		3,040,000.00	3,040,000.00	
Total Expenditures	<u>3,985,455.00</u>	<u>-</u>	<u>3,985,455.00</u>	<u>3,985,455.02</u>	<u>(0.02)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0.02)</u>	<u>(0.02)</u>
Fund Balance, July 1	<u>0.03</u>		<u>0.03</u>	<u>0.03</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 0.03</u>	<u>-</u>	<u>\$ 0.03</u>	<u>\$ 0.01</u>	<u>\$ (0.02)</u>

STATISTICAL SECTION

Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance.

TOWNSHIP OF PENNSAUKEN 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
Governmental Activities:										
Net Investment in Capital Assets	\$ 23,124,444.38	\$ 18,597,789.17	\$ 15,978,876.45	\$ 13,651,296.15	\$ 10,475,418.98	\$ 9,514,902.50	\$ 8,282,089.80	\$ 6,089,562.47	\$ 4,964,484.85	\$ 3,984,388.19
Restricted	16,807,945.72	17,088,644.02	12,974,059.20	15,602,679.42	19,513,829.69	16,451,763.94	13,411,247.86	12,056,901.78	8,139,098.07	2,070,507.94
Unrestricted	(4,130,627.88)	(3,928,760.23)	(1,588,429.57)	(4,325,164.94)	(2,090,814.90)	(1,169,231.98)	(1,163,603.68)	(1,044,286.17)	117,529.89	3,260,281.23
Total Governmental Activities Net Position	\$ 35,801,762.22	\$ 31,757,672.96	\$ 27,364,506.08	\$ 24,928,810.63	\$ 27,898,433.77	\$ 24,797,434.46	\$ 20,529,733.98	\$ 17,102,178.08	\$ 13,221,112.81	\$ 9,325,177.36
Business-type Activities:										
Net Investment in Capital Assets	\$ 430,426.35	\$ 500,968.49	\$ 473,326.49	\$ 546,666.92	\$ 519,804.60	\$ 529,027.97	\$ 567,242.86	\$ 568,666.23	\$ 588,432.85	\$ 648,440.55
Unrestricted	447,970.78	381,663.04	523,021.35	592,161.07	654,165.38	730,794.19	725,390.26	659,312.96	428,198.33	189,630.83
Total Business-type Activities Net Position	\$ 878,397.13	\$ 882,631.53	\$ 996,347.84	\$ 1,138,827.99	\$ 1,173,969.98	\$ 1,259,822.16	\$ 1,292,633.12	\$ 1,227,979.19	\$ 1,016,631.18	\$ 838,071.38
District-wide:										
Net Investment in Capital Assets	\$ 23,554,870.73	\$ 19,098,757.66	\$ 16,452,202.94	\$ 14,197,963.07	\$ 10,995,223.58	\$ 10,043,930.47	\$ 8,849,332.66	\$ 6,658,228.70	\$ 5,552,917.70	\$ 4,642,828.74
Restricted	16,807,945.72	17,088,644.02	12,974,059.20	15,602,679.42	19,513,829.69	16,451,763.94	13,411,247.86	12,056,901.78	8,139,098.07	2,070,507.94
Unrestricted	(3,682,657.10)	(3,547,097.19)	(1,065,408.22)	(3,733,003.87)	(1,436,649.52)	(438,437.79)	(438,213.42)	(384,973.21)	545,728.22	3,449,912.06
Total District-wide Net Position	\$ 36,680,159.35	\$ 32,640,304.49	\$ 28,360,853.92	\$ 26,067,638.62	\$ 29,072,403.75	\$ 26,057,256.62	\$ 21,822,367.10	\$ 18,330,157.27	\$ 14,237,743.99	\$ 10,163,248.74

Source: Exhibit A-1

TOWNSHIP OF PENNSAUKEN 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
Expenses:										
Governmental Activities:										
Instruction:										
Regular:	\$ 24,084,302.80	\$ 24,083,201.49	\$ 23,753,650.27	\$ 24,748,038.50	\$ 24,056,366.72	\$ 20,034,180.34	\$ 19,524,302.63	\$ 19,042,263.70	\$ 19,204,230.27	\$ 18,954,495.47
Special Education	8,827,477.21	9,446,366.00	10,084,115.04	10,334,044.03	9,861,586.40	11,294,145.13	11,802,512.50	10,536,787.07	11,413,984.28	11,110,203.34
Other Special Education	406,592.66	437,210.26	755,374.31	908,311.71	354,986.47	278,403.18	135,726.54	102,599.83	95,699.87	240,584.15
Other Instruction	1,120,288.39	1,262,800.83	779,026.57	826,136.89	780,783.20	796,670.08	748,384.76	735,460.07	819,616.91	941,777.53
Support Services:										
Tuition	8,389,161.81	7,948,474.60	8,033,185.23	8,499,180.99	7,516,143.47	6,534,047.81	4,541,774.58	5,370,991.12	3,873,982.09	3,740,804.12
Student and Instruction Related Services	6,558,433.51	6,876,305.43	6,610,373.26	8,315,875.23	6,975,497.37	7,186,050.24	6,610,183.94	6,477,472.13	6,320,670.31	6,135,937.59
School Administrative Services	2,808,422.21	2,778,594.86	2,666,973.97	3,019,665.09	2,839,506.86	2,959,262.78	2,749,064.31	2,473,984.44	2,466,887.08	2,198,103.12
Other Administrative Services	3,217,723.50	3,080,287.23	2,901,744.46	3,348,520.25	3,456,421.76	3,060,373.20	2,951,575.20	2,942,971.40	3,113,275.41	3,218,314.41
Plant Operations and Maintenance	8,786,906.68	8,521,064.59	8,516,377.76	9,379,751.77	8,173,792.39	7,927,311.89	7,803,296.82	7,560,177.66	7,228,116.28	7,065,697.87
Pupil Transportation	4,503,529.68	4,860,279.97	4,041,289.06	4,285,504.41	4,054,252.39	4,576,775.18	3,624,460.94	4,123,683.39	3,977,936.18	4,034,171.07
Unallocated Benefits	16,895,192.69	16,906,273.85	17,099,436.71	15,274,480.08	15,296,838.48	11,772,318.39	11,787,432.02	11,066,947.51	10,046,923.84	10,151,722.53
Reimbursed TPAF and Social Security	7,764,947.73	6,298,859.40	5,296,018.07	5,250,311.44	5,020,100.70	7,814,589.21	7,845,742.73	5,203,978.00	4,659,787.26	4,358,239.34
Special Schools	1,988,577.00	1,802,172.00	1,579,217.00	1,471,433.00	1,165,467.00	894,015.00	730,161.00	630,806.00	499,075.00	292,819.00
Transfer to Charter Schools	1,017,779.60	1,126,243.76	1,238,117.91	1,323,686.50	1,410,227.61	1,525,043.71	1,631,256.81	1,735,566.46	1,401,926.41	2,058,162.56
Interest on Long-Term Debt	143,465.00	20,485.00	20,485.00	29,915.49	55,622.02	55,622.02	55,622.02	55,622.02	59,904.32	59,904.32
Amortization of Bond Issuance Costs				60,059.22	150,512.22	197,136.96	85,011.00	95,436.73	591,342.76	72,677.00
Unallocated Depreciation										
Total Governmental Activities Expenses	96,512,790.47	95,349,619.29	93,375,904.62	97,074,912.60	91,347,551.08	86,703,977.71	82,766,992.64	78,249,041.02	75,894,073.81	74,615,874.37
Business-type Activities:										
Food Service	2,975,593.86	3,137,200.51	2,910,532.81	2,890,471.08	2,730,574.13	2,722,224.75	2,557,057.77	2,382,266.43	2,267,981.69	2,253,656.75
Total Business-type Activities Expense	2,975,593.86	3,137,200.51	2,910,532.81	2,890,471.08	2,730,574.13	2,722,224.75	2,557,057.77	2,382,266.43	2,267,981.69	2,253,656.75
Total District Expenses	\$ 99,488,384.33	\$ 98,486,819.80	\$ 96,286,437.43	\$ 99,965,383.68	\$ 94,078,125.21	\$ 89,426,202.46	\$ 85,324,050.41	\$ 80,631,307.45	\$ 78,162,055.50	\$ 76,869,531.12
Program Revenues:										
Governmental Activities:										
Charges for services:	\$ 1,006,104.75	\$ 1,072,590.56	\$ 618,550.00	\$ 681,545.45	\$ 733,133.47	\$ 727,991.60	\$ 681,103.00	\$ 762,761.78	\$ 914,355.95	\$ 1,012,320.60
Operating Grants and Contributions	12,842,217.91	12,079,991.62	12,004,801.98	12,393,472.52	10,247,068.19	17,733,582.97	16,377,689.41	13,892,182.00	13,617,560.25	13,015,070.07
Capital Grants and Contributions				10,000.00						
Total Governmental Activities Program Revenues	13,848,322.66	13,152,582.18	12,623,351.98	13,075,017.97	10,980,201.66	18,461,574.57	17,058,792.41	14,654,943.78	14,531,916.20	14,027,390.67

(Continued)

TOWNSHIP OF PENNSAUKEN 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
Program Revenues (Cont'd):										
Business-type activities:										
Charges for services	\$ 813,392.07	\$ 842,124.29	\$ 871,226.85	\$ 856,395.74	\$ 865,715.79	\$ 953,026.90	\$ 1,033,438.63	\$ 1,140,342.22	\$ 1,176,895.39	\$ 1,157,070.48
Food service	2,149,752.37	2,063,412.02	1,895,317.67	1,932,487.02	1,734,327.27	1,657,427.44	1,479,455.82	1,374,084.89	1,236,169.54	989,198.72
Capital Grants and Contributions	2,963,144.44	3,013,036.31	2,766,544.52	2,846,041.96	2,624,784.06	2,611,025.34	2,512,894.45	2,514,427.11	2,413,064.93	2,146,269.20
Operating Grants and Contributions	\$ 16,811,467.10	\$ 16,165,618.49	\$ 15,389,896.50	\$ 15,921,059.93	\$ 13,614,985.72	\$ 21,072,599.91	\$ 19,551,686.86	\$ 17,169,370.89	\$ 16,944,981.13	\$ 16,173,659.87
Total Business-type Activities Program Revenues	\$ (82,664,467.81)	\$ (82,197,037.11)	\$ (80,752,552.64)	\$ (83,999,894.63)	\$ (80,357,349.42)	\$ (68,242,403.14)	\$ (65,728,200.23)	\$ (63,594,097.24)	\$ (61,362,157.61)	\$ (60,588,483.70)
Total District Program Revenues	(12,449.42)	(124,164.20)	(143,988.29)	(44,429.12)	(105,790.07)	(111,199.41)	(44,163.32)	132,160.68	145,083.24	(107,387.55)
Net (Expense)/Revenue:	\$ (82,676,917.23)	\$ (82,321,201.31)	\$ (80,896,540.93)	\$ (84,044,323.75)	\$ (80,463,139.49)	\$ (68,353,602.55)	\$ (65,772,363.55)	\$ (63,461,936.56)	\$ (61,217,074.37)	\$ (60,695,871.25)
Governmental Activities										
Business-type Activities	\$ 34,631,347.00	\$ 34,631,347.00	\$ 34,631,347.00	\$ 34,260,911.00	\$ 34,388,514.00	\$ 34,433,680.00	\$ 33,134,647.00	\$ 31,386,960.00	\$ 29,976,732.00	\$ 28,199,245.00
Property Taxes Levied for General Purposes, Net	2,391,843.00	2,407,910.00	2,428,361.00	2,210,496.00	2,062,893.00	2,037,747.00	2,169,042.00	1,904,089.00	2,122,692.00	2,091,936.00
Taxes Levied for Debt Service	48,523,393.33	47,912,867.93	45,144,427.29	41,248,283.63	43,800,521.15	32,937,112.02	31,298,796.30	31,373,902.15	31,164,011.69	29,720,100.98
Unrestricted Grants and Contributions	1,083,896.68	1,188,406.05	650,934.93	2,871,886.86	1,203,734.00	1,825,810.56	1,321,709.07	1,527,920.55	1,329,238.87	1,545,317.97
Investment Earnings	28,801.59	99,768.85	103,500.43	320,468.03	320,468.03	567,373.41	718,064.35	562,464.28	266,382.09	78,041.68
Other	327,258.03	390,675.98	306,938.39	146,774.07	253,155.67	641,530.66	462,081.86	355,262.53	439,036.41	210,335.28
Capital Leases Charged to Instruction										187,039.48
Disposal/Adjustment of Assets	(288,705.98)	(133,473.75)	(38,359.00)					399,554.00		431,092.00
Cancellation of Prior Year Accounts Receivable	10,723.42	235,801.93	(8,501.95)			66,870.06	50,471.60			
Cancellation of Special Revenue Grant Balances						(0.09)				
Cancellation of Payables		(143,100.00)	(31,000.00)	(28,548.10)	1,363,166.93		943.95	(35,000.00)	(40,000.00)	(31,912.24)
Transfers										
Total Governmental Activities	\$ 86,708,557.07	\$ 86,590,203.99	\$ 83,188,248.09	\$ 81,030,271.49	\$ 83,458,348.73	\$ 72,510,103.62	\$ 69,155,756.13	\$ 67,475,162.51	\$ 65,255,093.06	\$ 62,431,196.15
Business-type Activities:										
Investment Earnings	8,215.02	10,447.89	10,683.82	9,287.13	19,937.89	78,388.45	106,817.25	79,187.33	33,476.56	8,475.82
Cancellation of Prior Year Accounts Receivable			(9,175.69)							
Total Business-type Activities	8,215.02	10,447.89	1,508.14	9,287.13	19,937.89	78,388.45	106,817.25	79,187.33	33,476.56	8,475.82
Total District-wide	\$ 86,716,772.09	\$ 86,600,651.88	\$ 83,189,756.23	\$ 81,039,558.62	\$ 83,478,286.62	\$ 72,588,492.07	\$ 69,264,573.38	\$ 67,554,349.84	\$ 65,291,569.62	\$ 62,439,671.97
Change in Net Position:										
Governmental Activities	\$ 4,044,089.26	\$ 4,393,166.88	\$ 2,435,695.45	\$ (2,969,623.14)	\$ 3,100,999.31	\$ 4,267,700.48	\$ 3,427,555.90	\$ 3,881,065.27	\$ 3,895,935.45	\$ 1,842,712.45
Business-type Activities	(4,234.40)	(113,716.31)	(142,480.15)	(35,141.99)	(85,852.18)	(32,810.96)	64,653.93	211,348.01	178,559.80	(98,911.73)
Total District	\$ 4,039,854.86	\$ 4,279,450.57	\$ 2,293,215.30	\$ (3,004,765.13)	\$ 3,015,147.13	\$ 4,234,889.52	\$ 3,492,209.83	\$ 4,092,413.28	\$ 4,074,495.25	\$ 1,743,800.72

Source: Exhibit A-2

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

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

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund:										
Nonspendable	\$ 205,893.61	\$ 225,984.14	\$ 183,922.48							
Restricted	13,008,621.03	11,420,825.90	10,225,188.53	\$ 12,296,554.20	\$ 17,965,073.28	\$ 13,671,845.56	\$ 11,147,725.70	\$ 9,754,608.07	\$ 6,534,430.43	\$ 3,490,918.64
Assigned	870,532.08	1,443,502.41	999,822.87							
Unassigned			2,306,971.42	(344,241.02)	2,002,797.03	1,859,049.93	1,676,063.43	1,855,221.75	2,948,630.34	3,768,423.87
Total General Fund	\$ 14,085,046.72	\$ 13,090,312.45	\$ 13,715,905.30	\$ 11,952,313.18	\$ 19,967,870.31	\$ 15,530,895.49	\$ 12,823,789.13	\$ 11,609,829.82	\$ 9,483,260.77	\$ 7,259,342.51
All Other Governmental Funds:										
Nonspendable	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00		\$ 8,000.00	\$ 8,000.00	\$ 460,905.00			
Restricted	2,828,792.98	3,582,259.59	687,181.63	\$ 1,266,534.00	\$ 221,069.87	\$ 221,069.87	\$ 460,905.00			
Unassigned, Reported in:										
Capital Projects Fund				682,900.00		213,069.87	193,436.87	\$ 749,431.87	\$ 749,431.87	\$ 719,681.63
Special Revenue Fund	92,437.14	647,061.99	1,133,448.97	1,636,102.03	1,478,431.99	2,588,024.86	1,895,380.23	1,615,388.24	1,189,312.69	564,647.61
Debt Service Fund				2,806.63				9,376.00	126,718.62	130,542.83
Permanent Fund			1,129.04	1,587.44	2,042.61	2,362.16	42.85	1,000.00	1,000.00	1,000.00
Total All Other Governmental Funds	\$ 2,929,230.12	\$ 4,237,321.58	\$ 1,829,759.64	\$ 3,599,930.10	\$ 1,701,544.47	\$ 2,811,456.89	\$ 2,549,764.95	\$ 2,375,196.11	\$ 2,066,463.18	\$ 1,415,872.07

(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: Exhibit B-1

TOWNSHIP OF PENNSAUKEN 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	2007	2006	2005	2004	
Revenues:										
Tax Levy	\$ 37,023,190.00	\$ 37,039,257.00	\$ 37,060,308.00	\$ 36,471,407.00	\$ 36,471,407.00	\$ 35,303,689.00	\$ 33,291,059.00	\$ 32,099,424.00	\$ 30,291,181.00	
Other Local Revenue	1,367,226.98	1,580,480.69	1,032,690.60	1,156,397.67	1,318,166.57	1,843,371.11	1,681,838.59	1,569,489.21	1,305,697.56	
State Sources	58,964,913.98	55,715,687.26	53,221,443.13	43,544,511.44	51,039,883.36	46,409,972.35	44,050,922.69	43,294,312.38	41,701,114.32	
Federal Sources	3,479,531.33	5,448,133.04	4,575,019.29	12,961,521.45	4,200,030.58	2,586,100.53	2,741,732.01	2,816,498.43	2,574,374.70	
Total Revenue	100,834,862.29	99,783,557.99	95,889,461.02	94,133,937.56	93,029,487.51	86,143,132.99	81,765,552.29	79,799,724.02	75,872,367.58	
Expenditures:										
Instruction	23,335,721.43	23,607,222.32	23,521,045.06	24,280,400.46	23,772,340.77	19,011,542.31	18,834,284.61	18,775,122.21	18,490,544.16	
Regular Instruction	8,364,364.02	9,128,820.69	9,812,208.90	10,029,711.10	9,660,030.63	11,066,512.71	10,309,292.06	11,172,263.28	10,868,080.10	
Special Education Instruction	406,592.66	437,210.26	755,374.31	908,311.71	354,986.47	135,726.54	102,599.83	95,699.87	240,584.15	
Other Instruction	1,120,288.39	1,262,800.83	779,026.57	826,136.89	780,783.20	796,670.08	735,460.07	819,616.91	941,777.53	
Support Services:										
Tuition	8,389,161.81	7,948,474.60	8,033,185.23	8,499,180.99	7,516,143.47	6,534,047.81	5,370,991.12	3,873,992.09	3,740,804.12	
Student and Instruction Related Services	6,538,232.51	6,508,547.43	6,499,340.32	8,202,307.23	6,926,583.37	7,136,155.24	6,445,472.13	6,288,991.31	6,107,397.59	
School Administrative Services	2,862,777.05	2,777,904.88	2,664,395.97	3,014,467.09	2,832,164.56	2,732,739.31	2,504,160.57	2,437,405.08	2,075,860.12	
Other Administrative Services	2,981,466.79	2,874,219.60	2,726,085.46	3,143,796.34	3,292,953.16	2,766,192.48	2,729,464.30	2,895,608.73	2,958,639.65	
Plant Operations and Maintenance	7,799,982.52	7,585,757.89	7,740,013.33	8,579,056.39	7,535,148.84	7,127,072.28	6,888,670.68	6,497,653.68	6,335,084.29	
Pupil Transportation	4,305,008.68	4,867,736.83	4,068,100.64	4,350,631.59	3,887,590.57	4,530,714.28	4,066,672.41	3,929,273.27	3,801,375.07	
Unallocated Benefits	17,089,019.69	16,906,273.85	16,996,442.71	15,274,480.08	13,869,117.48	11,772,318.39	11,066,947.51	10,046,923.84	10,151,722.53	
Reimbursed TPAF Pension and Social Security	7,764,947.73	6,298,859.40	5,296,018.07	5,250,311.44	5,020,100.70	7,814,589.21	5,203,978.00	4,659,767.26	4,358,239.34	
Special Schools	1,988,577.00	1,802,172.00	1,579,217.00	1,471,433.00	1,179,046.32	158,052.99	94,323.49	120,725.54	82,159.27	
Transfer to Charter Schools	3,040,000.00	2,970,000.00	2,885,000.00	2,895,000.00	2,345,000.00	2,320,000.00	2,283,000.00	2,825,000.00	2,175,000.00	
Debt Service:	945,455.02	1,046,904.60	1,162,305.00	1,279,055.00	1,502,855.00	1,616,355.00	1,710,332.62	1,428,787.48	2,108,293.50	
Principal	3,928,551.09	2,224,923.56	1,309,838.94	2,671,310.23	562,807.21	1,046,711.36	502,424.73	831,642.52	454,793.24	
Interest and Other Charges										
Capital Outlay										
Total Expenditures	100,850,146.39	98,247,628.74	95,827,597.51	100,675,589.54	91,288,168.75	88,180,253.80	79,478,880.13	77,197,548.07	75,183,193.66	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,284.10)	1,535,729.25	61,863.51	(6,541,751.98)	1,741,318.76	2,724,554.42	2,286,672.16	2,602,175.95	689,173.92	
Other Financing Sources (Uses):										
Capital Leases (Non-budgeted)										
Change in Inventory	(20,090.53)	137,450.00	9,419.10	433,892.00	167,482.00	220,904.97	233,024.00	275,831.32	6,601.11	
Accounts Receivable/Payable Canceled	(44,584.00)	(133,473.75)	(38,359.00)	19,236.58	9,198.76	(755.91)	(49,394.18)	6,216.86	28,087.76	
Cancellation of Deferred Revenue					45,895.95	50,471.60		30,285.24		
Cancellation of Tuition Receivable	(244,121.98)	235,801.93	(8,501.95)	(20,851.00)						
Cancellation of Special Revenue Grant Balances	10,723.42									
Canceled to Due to Grantor										
Sale of Bonds										
Premium on Sale of Bonds										
Cost of Issuance										
Transfers to Escrow Agent for the Purchase of Securities										
Transfers In										
Transfers Out										
Total Other Financing Sources (Uses)	(298,073.09)	246,239.84	(68,441.85)	424,580.48	1,585,743.64	244,243.88	148,629.82	272,333.42	(25,311.13)	
Net Change in Fund Balances	\$ (313,357.19)	\$ 1,781,969.09	\$ (6,578.34)	\$ (6,117,171.50)	\$ 3,327,062.40	\$ 2,968,796.30	\$ 2,435,301.98	\$ 2,874,509.37	\$ 663,862.79	
Debt Service as a Percentage of Noncapital Expenditures	4.1%	4.2%	4.3%	4.3%	4.3%	4.4%	4.7%	5.1%	5.7%	

Source: Exhibit B-2

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 General Fund - Other Local Revenue by Source
 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
Rental of School Facilities	\$ 10,177.00	\$ 16,217.50	\$ 18,035.00	\$ 5,110.00	\$ 9,215.00	\$ 111,652.50	\$ 114,008.63	\$ 20,266.25	\$	\$ 14,439.00
Lost Book Money								7,961.84		18,416.71
Comcast Tower Rental	19,250.00	22,750.00	21,000.00	19,999.98	18,999.96	20,583.29	17,416.63	17,416.63		2,000.00
Sale of Property										49,445.93
Refund of Prior Year Expenditures	75,440.51	92,577.25	50,232.53	43,513.73	64,709.92	272,140.62		90,229.95	\$ 57,867.42	
Medicaid Initiative - SEMI Program								6,015.00		
Adult School Tuition										22,715.00
Cancellation of Prior Year Accounts Payable				8,001.01						3,399.27
Cancellation of Outstanding Checks				3,990.46	9,244.24	26,221.69	22,945.00	93,589.58		2,431.40
Other		12,840.43	20,358.32	7,000.00	2,817.19					
Settlement	302.17	29,701.34								
Restitution	17,936.77							52.27		
Miscellaneous Sales										13,215.00
Transportation Fees					519.31	36,303.32	11,524.34	1,109.72		7,522.55
E-Rate Refunds	154,653.50	216,564.37	181,947.38	143,725.06	147,357.09	13,890.40	9,912.00	6,352.00	5,832.43	
Nonpublic Grant Administrative Fee	886.70		1,954.56	2,135.96		137,103.41	134,589.45	112,267.39		4,877.37
NJSEA Safety Award			13,369.00	12,471.00						71,873.05
Interest Earned on Deposits	77,399.06	99,768.85	103,500.43	218,443.44	320,468.03	567,373.41	718,064.35	562,464.28		78,041.68
Total Miscellaneous Revenues	\$ 356,045.71	\$ 490,419.74	\$ 410,397.22	\$ 464,390.64	\$ 573,330.74	\$ 1,185,268.64	\$ 1,141,635.46	\$ 917,726.91	\$ 63,699.85	\$ 288,376.96

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 PENNSAUKEN 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	\$ 16,085,800.00	\$ 995,496,300.00		\$ 397,116,500.00	\$ 93,838,600.00	\$ 20,808,900.00	\$ 1,523,346,100.00	\$ 3,102,179.00	\$ 1,526,448,279.00	\$ 280,692,800.00	\$ 2,420,334,483.00	\$ 2.447
2012	16,088,700.00	994,847,000.00		411,461,200.00	90,481,800.00	23,487,100.00	1,536,365,800.00	2,753,453.00	1,539,119,253.00	276,870,000.00	2,876,500,798.00	2.407
2011	16,565,200.00	992,894,700.00		427,107,300.00	92,069,800.00	21,025,000.00	1,549,662,000.00	2,788,010.00	1,552,450,010.00	275,412,600.00	2,844,268,455.00	2.348
2010	16,241,200.00	991,682,500.00		434,811,400.00	98,486,100.00	21,516,500.00	1,562,737,700.00	3,104,950.00	1,565,842,650.00	254,418,900.00	2,719,893,434.00	2.348
2009	16,358,300.00	991,423,700.00		442,168,000.00	128,968,400.00	22,297,900.00	1,599,216,300.00	2,892,138.00	1,602,108,438.00	254,418,900.00	2,945,593,746.00	2.277
2008	16,499,500.00	989,074,800.00		459,986,200.00	119,667,000.00	22,311,900.00	1,607,539,400.00	2,968,218.00	1,610,507,618.00	254,320,400.00	2,775,780,107.00	2.265
2007	16,770,800.00	986,574,300.00		486,458,700.00	101,217,200.00	22,311,900.00	1,613,332,900.00	3,213,046.00	1,616,545,946.00	252,375,200.00	2,418,530,739.00	2.220
2006	16,409,300.00	983,672,100.00		512,301,200.00	82,441,300.00	22,144,000.00	1,616,967,900.00	3,440,954.00	1,620,408,854.00	247,717,300.00	2,154,799,008.00	2.117
2005	16,644,000.00	981,220,100.00		511,958,600.00	82,591,300.00	21,879,200.00	1,614,293,200.00	4,191,415.00	1,618,484,615.00	250,565,600.00	1,894,737,315.00	1.917
2004	16,104,500.00	979,790,000.00		521,449,800.00	82,492,400.00	22,975,700.00	1,621,912,400.00	4,710,853.00	1,626,623,253.00	236,846,500.00 (3)	1,904,265,105.00	1.917

(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) Change in identification process

Source: Camden County Board of Taxation

TOWNSHIP OF PENNSAUKEN 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	Township of Pennsauken	Township of Pennsauken Garbage District	Camden County		
2013	\$ 2,289	\$ 0.158	\$ 2,447	\$ 1,511	\$ 0.272	\$ 1,258	\$ 5,488	
2012	2,251	0.156	2,407	1,414	0.264	1,219	5,304	
2011	2,233	0.154	2,387	1,380	0.259	1,164	5,190	
2010	2,205	0.143	2,348	1,322	0.254	1,080	5,004	
2009	2,147	0.130	2,277	1,210	0.254	1,084	4,825	
2008	2,138	0.127	2,265	1,141	0.246	1,045	4,697	
2007	2,084	0.136	2,220	1,052	0.234	0,999	4,505	
2006	1,988	0.129	2,117	0,892	0.225	1,023	4,257	
2005	1,897	0.124	2,021	0,801	0.225	0,917	3,964	
2004	1,788	0.129	1,917	0,731	0.204	0,909	3,761	

Source: Municipal Tax Collector

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

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Bloom Organization	\$ 57,083,200.00	1	3.74%	\$ 74,680,100.00	1	4.59%
Shapes LLC				21,352,900.00	2	1.31%
Citigo Petroleum Corp.	12,252,500.00	2	0.80%	19,796,800.00	3	1.22%
Amerada Hess Corp.	7,718,200.00	3	0.51%	15,410,900.00	4	0.95%
Sauken Assoc. LP	7,503,000.00	4	0.49%			
Delair Aluminum LLC	7,026,900.00	5	0.46%			
Menu Foods, Inc.	6,750,000.00	6	0.44%	13,480,000.00	5	0.83%
Lockbourne Manor Inc.	5,700,000.00	7	0.37%			
Sun Life Assurance Co. of Canada	5,468,900.00	8	0.36%			
First Industrial Realty Trust Inc.						
Geriatric Medical Center				12,110,700.00	6	0.74%
Pepsi Cola Bottling Corp	5,200,000.00	9	0.34%	9,985,000.00	7	0.61%
Hankin, Joel, etc.	5,149,700.00	10	0.34%	9,542,000.00	8	0.59%
Beverage Distribution Center, Inc.						
City of Camden Dept. of Public Works				8,821,900.00	9	0.54%
EMK - Penn				8,430,000.00	10	0.52%
Corporate Fairways LLC						
Total	\$ 119,852,400.00		7.85%	\$ 193,610,300.00		11.90%

Source: Municipal Tax Assessor

TOWNSHIP OF PENNSAUKEN 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	\$ 37,023,190.00	\$ 37,023,190.00	100.00%	-
2012	37,039,257.00	37,039,257.00	100.00%	-
2011	37,060,308.00	37,060,308.00	100.00%	-
2010	36,471,407.00	36,471,407.00	100.00%	-
2009	36,471,407.00	36,471,407.00	100.00%	-
2008	36,471,407.00	36,471,407.00	100.00%	-
2007	35,303,689.00	35,303,689.00	100.00%	-
2006	33,291,059.00	33,291,059.00	100.00%	-
2005	32,099,424.00	32,099,424.00	100.00%	-
2004	30,291,181.00	30,291,181.00	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 PENNSAUKEN SCHOOL DISTRICT
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income (2)	Per Capita (3)
	General Obligation Bonds (1)	Certificates of Participation	Capital Leases	Capital Leases	Unavailable			
2013	\$ 20,510,000.00	-	\$ 165,341.15	-	\$ 20,675,341.15	Unavailable	Unavailable	
2012	23,550,000.00	-	248,205.64	-	23,798,205.64	Unavailable	\$ 665.40	
2011	26,520,000.00	-	229,211.26	-	26,749,211.26	1.73%	746.02	
2010	29,405,000.00	-	399,163.03	-	29,804,163.03	1.94%	830.62	
2009	32,300,000.00	-	183,602.68	-	32,483,602.68	2.24%	929.19	
2008	34,845,000.00	-	143,734.99	-	34,988,734.99	2.38%	998.51	
2007	37,190,000.00	-	77,838.12	-	37,267,838.12	2.63%	1,059.05	
2006	39,510,000.00	-	244,535.68	-	39,754,535.68	2.91%	1,126.45	
2005	41,793,000.00	-	192,758.70	-	41,985,758.70	3.28%	1,190.07	
2004	42,738,000.00	-	106,057.47	-	42,844,057.47	3.46%	1,211.14	

Sources:

- (1) District Records
- (2) Personal income has been estimated based upon the municipal population and per capita
- (3) Per Capita personal income by county-estimated based upon the 2010 Census published

TOWNSHIP OF PENNSAUKEN 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	\$ 20,510,000.00	-	\$ 20,510,000.00	1.34%	Unavailable
2012	23,550,000.00	-	23,550,000.00	1.53%	658.46
2011	26,520,000.00	-	26,520,000.00	1.71%	739.63
2010	29,405,000.00	-	29,405,000.00	1.88%	819.49
2009	32,300,000.00	-	32,300,000.00	2.02%	923.94
2008	34,845,000.00	-	34,845,000.00	2.16%	994.41
2007	37,190,000.00	-	37,190,000.00	2.30%	1,056.83
2006	39,510,000.00	-	39,510,000.00	2.44%	1,119.52
2005	41,793,000.00	-	41,793,000.00	2.58%	1,184.61
2004	42,738,000.00	-	42,738,000.00	2.63%	1,208.14

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 PENNSAUKEN SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2013
Unaudited

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Pensauken Township</u>
Municipal Debt: (1)				
Pensauken Township School District	\$ 22,905,000.00	\$ 22,905,000.00		
Pensauken Township	35,624,505.82	8,388,097.82	\$ 27,236,408.00	\$ 27,236,408.00
	<u>58,529,505.82</u>	<u>31,293,097.82</u>	<u>27,236,408.00</u>	<u>27,236,408.00</u>
Overlapping Debt Apportioned to the Municipality:				
Pensauken Sewerage Authority (2)	814,220.00		814,220.00	814,220.00
County of Camden: (2)				
General:				
Bonds	44,081,645.00	10,684,251.00	33,397,394.00	2,176,879.56
Loan Agreement	147,285,000.00		147,285,000.00	9,600,201.32
Bonds Issued by Other Public Bodies				
Guaranteed by the County	<u>681,777,740.00</u>	<u>681,777,740.00</u>		
	<u>873,958,605.00</u>	<u>692,461,991.00</u>	<u>181,496,614.00</u>	<u>12,591,300.88</u>
	<u>\$ 932,488,110.82</u>	<u>\$ 723,755,088.82</u>	<u>\$ 208,733,022.00</u>	<u>\$ 39,827,708.88</u>

Sources:

- (1) 2012 Annual Debt Statement
 - (2) Entity's Respective 2012 Reports of Audit
 - (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 6.52%.
- The source for this computation was the 2011 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 PENNSAUKEN SCHOOL DISTRICT
 Demographic and Economic Statistics
 Last Ten Fiscal Years
Unaudited

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2012	35,765	Unavailable	Unavailable	11.80%
2011	35,856	\$ 1,545,357,744.00	\$ 43,099.00	11.70%
2010	35,882	1,532,879,040.00	42,720.00	11.70%
2009	34,959	1,447,512,354.00	41,406.00	11.20%
2008	35,041	1,471,441,672.00	41,992.00	7.20%
2007	35,190	1,416,749,400.00	40,260.00	5.50%
2006	35,292	1,364,776,932.00	38,671.00	5.80%
2005	35,280	1,280,628,720.00	36,299.00	5.30%
2004	35,375	1,236,533,125.00	34,955.00	3.90%
2003	35,550	1,200,594,600.00	33,772.00	4.40%

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 by municipality-estimated based upon the 2000 and 2010 Censuses published
- (4) Unemployment data provided by the NJ Dept of Labor and Workforce Development

TOWNSHIP OF PENNSAUKEN 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>
Pepsi/Beverage Dist. Ctr.	625	1	3.88%	625	2	3.57%
Aluminum Shapes, Inc.	600	2	3.73%	1,200	1	6.85%
J & J Snacks	435	3	2.70%	435	3	2.48%
Disc Makers	300	4	1.86%	300	4	1.71%
Helvoet Pharma	300	4	1.86%			
Lidestri Foods						
Holman/RMP	230	5	1.43%	230	7	1.31%
WAWA Inc	225	6	1.40%			
Simmons Pet Foods, Inc	223	7	1.38%			
Forman Mills	200	8	1.24%	189	9	1.08%
Old Dominion Freight	70	9	0.43%			
Mediq & Mediq/PRN				300	4	1.71%
Lehigh Press				260	6	1.49%
United Stationers				225	8	1.29%
Barry-Callebut				189	9	1.08%
	<u>3,208</u>		<u>19.92%</u>	<u>3,953</u>		<u>22.58%</u>

Source: Individual Employers

Operating Information

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

TOWNSHIP OF PENNSAUKEN 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	320	321	321	333	360	353	350	348	352	352
Special education	139	142	121	105	100	87	76	58	56	56
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	36	24	36	80	85	73	72	95	100	104
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition										
Student & instruction related services	91	111	129	118	100	95	79	79	82	78
General administrative services	5	5	11	12	15	13	13	14	15	9
School administrative services	46	47	53	58	55	47	48	38	40	51
Business administrative services	19	17	10	11	18	18	19	21	20	20
Plant operations and maintenance	110	105	90	86	95	93	96	96	97	97
Pupil transportation	69	67	66	61	67	63	48	49	48	48
Special Schools	-	-	-	-	-	-	-	4	-	-
Food Service	39.5	32	27	28	38	49	47	45	43	43
Community Education and Recreation	-	-	-	-	-	-	-	-	-	-
Total	874.5	871	864	892	933	891	848	847	853	858

Source: District Records

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Operating Statistics
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Elementary	Intermediate	Pupil/Teacher Ratio	Middle School	High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2013	5,245	\$ 92,936,140.28	\$ 17,719.00	3.67%	416	10,2/1	13,3/1	11,1/1	11,1/1	11,2/1	5,239.0	4,943.0	-2.28%	94.35%
2012	5,383	92,006,000.58	17,091.96	3.44%	487	11,01/1	11,24/1	9,91/1	9,91/1	10,7/1	5,361.3	5,038.2	7.23%	93.97%
2011	5,475	90,470,453.57	16,524.28	-3.49%	478	12,62/1	10,64/1	11,12/1	11,12/1	10,61/1	5,000.0	4,661.0	-4.34%	93.22%
2010	5,480	93,830,224.31	17,122.30	8.03%	518	12,57/1	10,96/1	10,56/1	10,56/1	10,96/1	5,227.0	5,205.0	0.08%	99.58%
2009	5,476	86,792,456.54	15,849.61	5.07%	545	11,85/1	9,66/1	7,2/1	7,2/1	10,4/1	5,223.0	5,201.0	-2.23%	99.58%
2008	5,521	83,285,687.44	15,085.25	7.58%	503	18,28/1	11,7/1	11,92/1	11,92/1	11,25/1	5,568.0	5,157.5	-6.20%	92.63%
2007	5,648	79,201,935.88	14,023.01	7.80%	494	19,3/1	12,1/1	12,2/1	12,2/1	13,8/1	5,695.1	5,351.5	-1.91%	93.97%
2006	5,764	74,983,122.78	13,008.87	6.86%	504	11,97/1	11,99/1	11,19/1	11,19/1	10,73/1	5,806.2	5,438.2	-2.62%	93.66%
2005	5,924	72,115,408.07	12,173.43	2.47%	520	18,52/1	13,71/1	14,85/1	14,85/1	13,69/1	5,962.2	5,589.5	-1.80%	93.75%
2004	5,963	70,840,834.84	11,880.07	10.18%	527	20,05/1	12,98/1	14,05/1	14,05/1	13,54/1	6,071.6	5,676.6	-2.20%	93.49%

Sources: District Records

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

District Building	Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004 (1)
Elementary										
Baldwin (1955)	11,621	11,621	11,621	11,621	11,621	11,621	11,621	11,621	11,621	11,621
Square Feet	275	275	275	275	275	275	275	275	275	275
Capacity (students)	134	125	143	125	114	113	103	144	148	-
Enrollment										
Burling (1963)	14,880	14,880	14,880	14,880	14,880	14,880	-	-	-	-
Square Feet	150	150	150	150	150	150	-	-	-	-
Capacity (students)	110	111	125	131	127	119	-	-	-	-
Enrollment										
Carson (1954)	46,274	46,274	46,274	46,274	46,274	46,274	46,274	46,274	46,274	46,274
Square Feet	314	314	314	314	314	314	314	314	314	314
Capacity (students)	346	333	361	378	348	353	305	294	269	-
Enrollment										
Central (1925)	-	-	47,487	47,487	47,487	47,487	47,487	47,487	47,487	47,487
Square Feet	-	-	486	486	486	486	486	486	486	486
Capacity (students)	-	-	-	-	-	-	330	325	334	-
Enrollment										
Delair (2002)	41,481	41,481	41,481	41,481	41,481	41,481	41,481	41,481	41,481	41,481
Square Feet	430	430	430	430	430	430	430	430	430	430
Capacity (students)	401	403	399	397	393	360	390	377	391	-
Enrollment										
Fine (1964)	41,310	41,310	41,310	41,310	41,310	41,310	41,310	41,310	41,310	41,310
Square Feet	378	378	378	378	378	378	378	378	378	378
Capacity (students)	332	310	355	356	320	320	277	264	297	-
Enrollment										
Franklin (1954)	56,802	56,802	56,802	56,802	56,802	56,802	56,802	56,802	56,802	56,802
Square Feet	551	551	551	551	551	551	551	551	551	551
Capacity (students)	449	443	466	458	409	436	397	388	405	-
Enrollment										
Longfellow (1926)	22,320	22,320	22,320	22,320	22,320	22,320	22,320	22,320	22,320	22,320
Square Feet	227	227	227	227	227	227	227	227	227	227
Capacity (students)	243	252	233	247	252	252	165	183	190	-
Enrollment										
Roosevelt (1926)	23,132	23,132	23,132	23,132	23,132	23,132	23,132	23,132	23,132	23,132
Square Feet	217	217	217	217	217	217	217	217	217	217
Capacity (students)	178	181	191	192	204	203	226	230	204	-
Enrollment										
Intermediate										
Intermediate School (2002)	82,733	82,733	82,733	82,733	82,733	82,733	82,733	82,733	82,733	82,733
Square Feet	986	986	986	986	986	986	986	986	986	986
Capacity (students)	796	796	798	805	805	807	827	849	863	-
Enrollment										
Middle School										
Middle School (1965)	153,790	153,790	153,790	153,790	153,790	153,790	153,790	153,790	153,790	153,790
Square Feet	1,274	1,274	1,274	1,274	1,274	1,274	1,274	1,274	1,274	1,274
Capacity (students)	818	793	834	837	885	882	894	949	1,029	-
Enrollment										
Booker T. Washington Annex										
Booker T. Washington (1927)	6,206	6,206	6,206	6,206	6,206	6,206	6,206	6,206	6,206	6,206
Square Feet	43	43	43	43	43	43	43	43	43	43
Capacity (students)	22	20	25	25	37	39	34	15	22	-
Enrollment										
High School										
Pennsauken High School (1959)	232,755	232,755	232,755	232,755	232,755	232,755	232,755	232,755	232,755	232,755
Square Feet	1,986	1,986	1,986	1,986	1,986	1,986	1,986	1,986	1,986	1,986
Capacity (students)	1416	1,512	1,545	1,529	1,595	1,637	1,700	1,797	1,840	-
Enrollment										

Number of Schools at June 30, 2013
 Elementary = 8
 Intermediate = 1
 Middle School = 1
 Booker T. Washington Annex = 1
 High School = 1
 Other = 0
 (1) Unavailable
 Source: District Records

TOWNSHIP OF PENNSAUKEN 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
Pennsauken High Administration	031	\$ 495,536.02	\$ 391,140.87	\$ 441,011.27	\$ 648,636.96	\$ 385,115.36	\$ 351,453.52	\$ 296,612.25	\$ 412,770.43	\$ 461,311.57	\$ 472,852.22
Howard M. Phifer Middle Intermediate	030	56,984.48	69,181.24	34,296.42	72,436.96	26,612.80	21,939.44	16,228.05	15,695.81	19,771.14	29,244.40
A. E. Burring Magnet	029	120,108.51	157,010.66	274,427.20	415,727.02	291,213.07	278,637.05	237,946.84	265,800.61	324,938.14	291,822.66
Booker T. Washington	022	141,238.05	83,182.27	103,303.13	219,037.58	88,732.49	64,924.38	60,608.50	74,155.69	90,733.65	69,964.03
Baldwin	021	74,967.96	49,841.65	20,469.51	33,452.99	37,726.04	97,088.89	113,296.93	17,029.11	11,985.34	10,671.24
Benjamin Franklin	020	44,689.53	44,446.87	45,275.77	24,575.86	20,304.96	14,722.17	22,430.33	15,697.44	14,908.38	7,773.60
Central	026	49,677.71	54,825.80	24,145.54	28,077.08	33,892.76	26,838.19	20,409.65	21,950.01	23,167.87	20,187.74
Delair	106	90,554.64	77,492.41	63,660.42	118,476.79	104,726.74	54,343.55	65,318.05	60,508.78	68,180.28	48,697.41
Carson	024	97,902.09	91,353.00	85,094.91	102,711.52	19,610.62	32,524.74	40,009.72	57,745.22	67,753.71	42,703.30
George B. Fine	023	67,847.43	66,925.97	63,259.84	101,450.07	58,013.03	48,725.82	43,519.40	51,435.18	56,476.93	48,598.17
Longfellow	025	78,843.12	76,601.89	55,815.76	101,424.87	66,295.15	54,793.51	43,660.55	54,058.88	57,916.87	53,463.70
Roosevelt	027	99,962.69	84,784.37	41,483.25	64,582.42	46,366.01	42,452.39	43,711.09	39,358.49	47,266.23	47,957.28
	028	95,509.72	65,651.27	49,237.12	75,709.78	69,083.38	43,899.25	35,243.26	36,676.19	46,849.91	35,716.46
Other Facilities		1,513,821.95	1,312,438.27	1,301,480.14	2,006,299.90	1,317,185.44	1,184,910.59	1,079,197.93	1,181,418.00	1,369,825.00	1,211,903.77
Grand Total		\$ 1,513,821.95	\$ 1,312,438.27	\$ 1,301,480.14	\$ 2,006,299.90	\$ 1,317,185.44	\$ 1,184,910.59	\$ 1,079,197.93	\$ 1,181,418.00	\$ 1,369,825.00	\$ 1,211,903.77

* 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 PENNSAUKEN SCHOOL DISTRICT

Insurance Schedule

June 30, 2013

Unaudited

		<u>Coverage</u>	<u>Deductible</u>
New Jersey School Boards Insurance Group:			
Blanket Property & Business Personal Property	(B) \$	400,000,000.00	\$ 5,000.00
Boiler and Machinery	(B)	100,000,000.00	5,000.00
Auto Liability	(B)	31,000,000.00	5,000.00
General Liability	(A)	6,000,000.00	
Pollution Liability	(A)	11,000,000.00	25,000.00
Workers Compensation	(B)	2,000,000.00	
Accident Policies:			
Student Accident	(B)	5,000,000.00	
School Board Legal Liability			
Legal Liability Policy	(B)	2,000,000.00	25,000.00
Employee Dishonesty Coverage	(A)	100,000.00	1,000.00
Ohio Casualty Insurance Company Bond:			
Treasurer		425,000.00	
School Business Administrator		375,000.00	
(A)	Per Claim/Annual Aggregate		
(B)	Per Occurrence		

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 Pennsauken School District
County of Camden
Pennsauken, New Jersey 08110

Report on Compliance for Each Major Federal and State Program

We have audited the Township of Pennsauken 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 Pennsauken 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 Pennsauken 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.

Other Matters

The results of our auditing procedures disclosed one instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and New Jersey Circular 04-04-OMB and which is described in the accompanying Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance as finding number 2013-3. Our opinion on each major federal and state program is not modified with respect to this matter.

The School District's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Township of Pennsauken 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.

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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
December 4, 2013

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

Federal Grantor/ Pass-through Grantor / Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2012
				From	To	
General Fund						
U.S. Department of Education Passed-through						
State Department of Education:						
Education Job Fund	84.410A	N/A	\$ 1,654,415.00	8-10-10	9-30-12	\$ (436,020.10)
U.S. Department of Health and Human Services						
Passed Through State Department of Education:						
Special Education - Medicaid Administrative Claiming Aid	93.778	Unavailable	14,980.15	7-1-11	6-30-12	(13,223.44)
Special Education - Medicaid Administrative Claiming Aid	93.778	Unavailable	24,999.18	7-1-12	6-30-13	
Special Education - Medicaid Initiative	93.778	Unavailable	183,733.72	7-1-11	6-30-12	(32,628.17)
Special Education - Medicaid Initiative	93.778	Unavailable	163,836.51	7-1-12	6-30-13	
Total General Fund						(481,871.71)
Special Revenue Fund						
U.S. Department of Education Passed-through						
State Department of Education:						
I.A.S.A.:						
Title I Part A	84.010A	IASA169013	1,460,287.00	9-1-12	8-31-13	
Title I Part A	84.010A	IASA169012	1,598,707.00	9-1-11	8-31-12	(1,196,588.97)
ARRA - Title I Part A	84.389A	IASA169011	967,244.00	9-1-09	8-31-11	(16,881.00)
Title II Part A	84.367A	IASA169013	190,016.00	9-1-12	8-31-13	
Title II Part A	84.367A	IASA169012	225,414.00	9-1-11	8-31-12	(200,201.48)
Title III	84.365A	IASA169013	50,920.00	9-1-12	8-31-13	
Title III	84.365A	IASA169012	53,526.00	9-1-11	8-31-12	(15,862.21)
I.D.E.I.A. Part B:						
Basic & Capacity	84.027	FT169013	1,675,309.00	9-1-12	8-31-13	
Basic & Capacity	84.027	FT169012	1,774,364.00	9-1-11	8-31-12	(1,696,068.70)
Pre-School	84.173	PS169013	47,741.00	9-1-12	8-31-13	
Pre-School	84.173	PS169012	49,144.00	9-1-11	8-31-12	(789.70)
Other:						
Race to the Top	84.413A	B413A120008	127,307.00	9-1-11	11-30-15	
IDEAL MU-26	84.027A	Unavailable	60,623.00	7-1-08	6-30-09	3,238.00
Math Intervention Consortium	84.027A	Unavailable	1,105.57	7-1-08	6-30-09	390.49
Total Special Revenue Fund						(3,122,763.57)
Enterprise Fund:						
U.S. Department of Agriculture:						
Food Distribution Program	10.555	Unavailable	179,788.54	7-1-11	6-30-12	4,843.42
Food Distribution Program	10.555	Unavailable	184,056.68	7-1-12	6-30-13	
Passed-through State Department of Education:						
National School Lunch Program	10.555	Unavailable	1,478,670.71	7-1-11	6-30-12	(63,176.19)
National School Lunch Program	10.555	Unavailable	1,518,949.27	7-1-12	6-30-13	
National School Breakfast Program	10.553	Unavailable	331,091.16	7-1-11	6-30-12	(14,393.04)
National School Breakfast Program	10.553	Unavailable	344,643.68	7-1-12	6-30-13	
Special Milk Program	10.556	Unavailable	5,358.17	7-1-11	6-30-12	(240.74)
Special Milk Program	10.556	Unavailable	5,504.47	7-1-12	6-30-13	
Fresh Fruit and Vegetable Program	10.582	Unavailable	33,373.43	7-1-11	6-30-12	(1,985.62)
Fresh Fruit and Vegetable Program	10.582	Unavailable	62,327.25	7-1-12	6-30-13	
Total Enterprise Fund						(74,952.17)
Total Federal Financial Assistance						\$ (3,679,587.45)

(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 the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

Carryover / (Walkover) Amount	Cash Received	Budgetary Expenditures	(A) Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2013		
					(Accounts Receivable)	Unearned Revenue	Due to Grantor
	\$ 436,020.10	\$ 4,119.00			\$ (4,119.00)		
	13,223.44						
	24,999.18	24,999.18					
	32,628.17						
	163,836.51	163,836.51					
-	670,707.40	192,954.69	-	-	(4,119.00)	-	-
\$ 583,594.00	403,855.00	1,288,128.04			(1,056,432.00)	\$ 755,752.96	
(583,594.00)	1,969,747.00	192,693.03	\$ 3,129.00				
42,119.00		65,093.00			(16,881.00)	294,805.00	
(42,119.00)	242,497.00	301.52	125.00		(317,779.00)		
16,526.00			(16,526.00)		(67,446.00)	67,446.00	
(16,526.00)	37,964.00	5,432.73	(143.06)				
193,548.00	684,261.00	1,531,157.90			(991,048.00)	337,699.10	
(193,548.00)	1,937,784.00	48,167.30			(96,885.00)	17,481.46	
	790.00	79,403.54					
		0.30					
		75,024.75			(127,307.00)	52,282.25	
				\$ 3,238.00			
				390.49			
-	5,276,898.00	3,285,402.11	(13,415.06)	3,628.49	(2,673,778.00)	1,525,466.77	-
		4,843.42					
	184,056.68	177,151.80				6,904.88	
	63,176.19						
	1,248,778.32	1,518,949.27			(270,170.95)		
	14,393.04				(65,067.65)		
	279,576.03	344,643.68					
	240.74						
	4,502.55	5,504.47			(1,001.92)		
	1,985.62						
	54,299.55	62,327.25			(8,027.70)		
-	1,851,008.72	2,113,419.89	-	-	(344,268.22)	6,904.88	-
-	\$ 7,798,614.12	\$ 5,591,776.69	\$ (13,415.06)	\$ 3,628.49	\$ (3,022,165.22)	\$ 1,532,371.65	-

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

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2012		Carryover / (Walkover) Amount
			From	To	Unearned Revenue / Accounts Receivable	Due to Grantor	
General Fund:							
Current Expense:							
Equalization Aid	12-495-034-5120-078	\$ 41,330,163.00	7-1-11	6-30-12	\$ (3,845,883.43)		
Equalization Aid	13-495-034-5120-078	43,081,744.00	7-1-12	6-30-13			
Special Education Aid	12-495-034-5120-089	2,838,376.00	7-1-11	6-30-12	(264,118.56)		
Special Education Aid	13-495-034-5120-089	2,998,728.00	7-1-12	6-30-13			
Security Aid	12-495-034-5120-084	1,385,430.00	7-1-11	6-30-12	782,822.99		
Security Aid	13-495-034-5120-084	1,445,231.00	7-1-12	6-30-13			
Transportation Aid	13-495-034-5120-014	505,565.00	7-1-12	6-30-13			
Extraordinary Aid	12-495-034-5120-473	605,452.00	7-1-11	6-30-12	(605,452.00)		
Extraordinary Aid	13-495-034-5120-473	500,498.00	7-1-12	6-30-13			
Non-Public Transportation Aid	12-495-034-5120-014	62,401.86	7-1-11	6-30-12	(62,401.86)		
Non-Public Transportation Aid	13-495-034-5120-014	58,894.64	7-1-12	6-30-13			
T.P.A.F. Social Security Aid	12-495-034-5095-002	2,658,510.40	7-1-11	6-30-12	(127,188.02)		
T.P.A.F. Social Security Aid	13-495-034-5095-002	2,634,384.73	7-1-12	6-30-13			
Total General Fund					(4,122,220.88)	-	-
Special Revenue Fund:							
Nonpublic Aid:							
Nursing Services	13-100-034-5120-070	82,727.00	7-1-12	6-30-13			
Nursing Services	12-100-034-5120-070	88,672.00	7-1-11	6-30-12	\$ 522.00		
Textbook Aid (Ch. 194, L. 1977)	13-100-034-5120-064	59,604.00	7-1-12	6-30-13			
Textbook Aid (Ch. 194, L. 1977)	12-100-034-5120-064	62,077.00	7-1-11	6-30-12	9,415.00		
Technology	13-100-034-5120-373	21,998.00	7-1-12	6-30-13			
Auxiliary Services (Ch. 192, L. 1977)							
Compensatory Education	13-100-034-5120-067	244,971.00	7-1-12	6-30-13			
Compensatory Education	12-100-034-5120-067	221,476.00	7-1-11	6-30-12		1,022.00	
Home Instruction	12-100-034-5120-067	4,568.00	7-1-11	6-30-12	(4,568.00)		
Home Instruction	13-100-034-5120-067	913.00	7-1-12	6-30-13			
English as a Second Language	13-100-034-5120-067	17,052.00	7-1-12	6-30-13			
English as a Second Language	12-100-034-5120-067	23,275.00	7-1-11	6-30-12	17,155.00		
Transportation	13-100-034-5120-068	14,784.00	7-1-12	6-30-13			
Transportation	12-100-034-5120-068	18,786.00	7-1-11	6-30-12	14,667.00		
Handicapped Services (Ch. 193, L. 1977)							
Corrective Speech	13-100-034-5120-066	73,824.00	7-1-12	6-30-13			
Corrective Speech	12-100-034-5120-066	57,659.00	7-1-11	6-30-12	19,191.00		
Examination and Classification	13-100-034-5120-066	70,864.00	7-1-12	6-30-13			
Examination and Classification	12-100-034-5120-066	76,964.00	7-1-11	6-30-12	19,015.00		
Supplementary Instruction	13-100-034-5120-066	60,364.00	7-1-12	6-30-13			
Supplementary Instruction	12-100-034-5120-066	54,017.00	7-1-11	6-30-12	19,223.00		
Adult Education	12-100-034-5064-014	28,400.00	7-1-11	6-30-12	(2,678.72)		
Adult Education	13-100-034-5064-014	28,400.00	7-1-12	6-30-13			
Preschool Education Aid	13-495-034-5120-086	775,350.00	7-1-12	6-30-13			
Preschool Education Aid	12-495-034-5120-086	862,410.00	7-1-11	6-30-12	646,934.01		
Total Special Revenue Fund					639,687.29	100,210.00	-
Capital Projects Fund:							
School Development Authority	4060-055-09-1003	1,032,762.00	7-24-09	Completion	(768,162.00)	-	-
Debt Service Fund:							
School Construction Debt Service Aid	13-495-034-5120-075	1,593,612.00	7-1-12	6-30-13	-	-	-
Enterprise Fund:							
State School Lunch Aid	12-100-010-3350-023	35,130.01	7-1-11	6-30-12	(1,477.06)		
State School Lunch Aid	13-100-010-3350-023	34,271.02	7-1-12	6-30-13			
Total Enterprise Fund					(1,477.06)	-	-
Total State Financial Assistance					\$ (4,252,172.65)	\$ 100,210.00	-

(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 the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

Cash Received	Budgetary Expenditures	(A) Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2013			Budgetary Receivable June 30, 2013	Cumulative Total Expenditures
				(Accounts Receivable)	Unearned Revenue	Due to Grantor		
\$ 3,845,883.43								
39,046,677.86	\$ 43,081,744.00			\$ (4,035,066.14)			\$ (4,035,066.14)	\$ 43,081,744.00
264,118.56								
2,717,865.05	2,998,728.00			(280,862.95)			(280,862.95)	2,998,728.00
128,918.01	911,741.00							911,741.00
1,309,869.66	1,445,231.00			(135,361.34)			(135,361.34)	1,445,231.00
458,213.43	505,565.00			(47,351.57)			(47,351.57)	505,565.00
605,452.00								
	500,498.00			(500,498.00)				500,498.00
62,401.86								
	58,894.64			(58,894.64)				58,894.64
127,188.02								
2,512,241.16	2,634,384.73			(122,143.57)				2,634,384.73
<u>51,078,829.04</u>	<u>52,136,786.37</u>	<u>-</u>	<u>-</u>	<u>(5,180,178.21)</u>	<u>-</u>	<u>-</u>	<u>(4,498,642.00)</u>	<u>52,136,786.37</u>
82,727.00	82,726.98	\$ (0.02)	\$ 522.00					82,726.98
59,604.00	21,573.49	0.49	9,415.00			\$ 38,031.00		21,573.49
21,998.00	18,900.24	0.24				3,098.00		18,900.24
244,971.00	195,564.00		1,022.00			49,407.00		195,564.00
4,568.00								
	912.92	(0.08)		(913.00)				912.92
17,052.00	9,890.00					7,162.00		9,890.00
14,784.00	4,078.00					10,706.00		4,078.00
73,824.00	40,857.00					32,967.00		40,857.00
70,864.00	57,177.00					13,687.00		57,177.00
60,364.00	31,152.00					29,212.00		31,152.00
		2,678.72	19,223.00					
17,245.00	28,400.00	3,268.00		(7,887.00)				28,400.00
697,815.00	638,775.84	127.98		(77,535.00)	\$ 136,702.14		(77,535.00)	638,775.84
86,241.00	733,175.01							733,175.01
<u>1,452,057.00</u>	<u>1,863,182.48</u>	<u>6,075.33</u>	<u>100,210.00</u>	<u>(86,335.00)</u>	<u>136,702.14</u>	<u>184,270.00</u>	<u>(77,535.00)</u>	<u>1,863,182.48</u>
-	-	-	-	(1,032,762.00)	264,600.00	-	-	1,332,800.00
<u>1,593,612.00</u>	<u>1,593,612.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,593,612.00</u>
1,477.06								
28,367.64	34,271.02			(5,903.38)				34,271.02
29,844.70	34,271.02	-	-	(5,903.38)	-	-	-	34,271.02
<u>\$ 54,154,342.74</u>	<u>\$ 55,627,851.87</u>	<u>\$ 6,075.33</u>	<u>\$ 100,210.00</u>	<u>\$ (6,305,178.59)</u>	<u>\$ 401,302.14</u>	<u>\$ 184,270.00</u>	<u>\$ (4,576,177.00)</u>	<u>\$ 56,960,651.87</u>

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2013

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

Note 2: BASIS OF ACCOUNTING

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

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or 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 (\$259,722.00) for the general fund and (\$586,092.34) 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 the net adjustment for the special revenue fund is (\$31,467.49). 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	\$ 192,454.69	\$ 50,965,323.37	\$ 51,157,778.06
Special Revenue	3,287,076.64	1,275,415.61	4,562,492.25
Debt Service		1,593,612.00	1,593,612.00
Food Service	<u>2,115,481.35</u>	<u>34,271.02</u>	<u>2,149,752.37</u>
Total Awards and Financial Assistance	<u>\$ 3,479,531.33</u>	<u>\$ 53,834,350.98</u>	<u>\$ 57,313,882.31</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 favorable differences incurred in the liquidation of encumbrances charged as budgetary basis expenditures in fiscal year 2011-2012, cancellation of certain grant receivables and cancellation of balances due to the reallocation of amounts expended in the prior year.

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.

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the 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? ___ X yes ___ 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:

Table with 2 columns: CFDA Number(s) and Name of Federal Program or Cluster. Rows include: 84.027 IDEA Part B -- Basic & Capacity, 84.173 IDEA Part B -- Pre-School, 10.555 Food Distribution Program, 10.555 National School Lunch Program, 10.553 National School Breakfast Program, 10.556 Special Milk Program.

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

Auditee qualified as low-risk auditee? ___ X yes ___ no

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the 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? X yes _____ no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
13-495-034-5120-078	State Aid Public -- Equalization Aid
13-495-034-5120-089	State Aid Public -- Special Education Aid
13-495-034-5120-084	State Aid Public -- Security Aid
13-495-034-5095-002	Reimbursed TPAF Social Security Contributions
13-495-034-5120-075	School Construction Debt Service Aid

Dollar threshold used to determine Type A programs \$ 1,668,836.00

Auditee qualified as low-risk auditee? X yes _____ no

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

Section 2- Schedule of Financial Statement Findings

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

Finding No. 2013-1

Criteria or Specific Requirement

The Internal Revenue Service requires the remittance of taxes be made in accordance with Publication 15.

Condition

Our audit of payroll revealed that remittances to the Internal Revenue Service were not made in accordance with Publication 15.

Context

Several payments were not made in accordance with the requirements set forth by the Internal Revenue Service.

Effect

The District is not in compliance with Internal Revenue Service regulations and the District has been assessed a penalty.

Cause

There was an oversight by the responsible official.

Recommendation

That all payroll remittances to the Internal Revenue Service be made in accordance with Publication 15.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and have corrected the condition prior to the end of the fiscal year.

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

Section 2- Schedule of Financial Statement Findings (cont'd)

Finding No. 2013-2

Criteria or Specific Requirement

The Local Public Contracts Law requires that certain contracts be awarded in the minute record and advertised, NJSA 6A:26-4.9 requires approval be obtained from the Division of Community Affairs for change orders in excess of twenty percent of the original bid and NJSA 6A:23A-6.3 requires the District to obtain a 271 Disclosure Form for contracts in excess of \$17,500.00.

Condition

Our audit of compliance with the Local Public Contracts Law and related statutory requirements revealed that two contracts were not awarded in the minutes, three contracts were not advertised, three 271 disclosure forms were not on file and approval was not obtained from the Division of Community Affairs for a change orders in excess of twenty percent of the original bid.

Context

Two contracts were not awarded in the minutes, three contracts were not advertised, three 271 disclosure forms were not on file and approval was not obtained from the Division of Community Affairs for one change order in excess of twenty percent of the original bid.

Effect

The School District did not fully comply with the Local Public Contracts Law and related statutes.

Cause

There was an oversight by the responsible official.

Recommendation

That the District comply with all facets of the regulations set forth in the Local Public Contracts Law and related statutes.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

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

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

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.

Finding No. 2013-3

Information on the State Program

State Aid Public:

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

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

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

Criteria or Specific Requirement

N.J.A.C. 6A:23A-5.3(d) requires that the district maximize its participation in the SEMI program. Maximum participation of SEMI is defined as obtaining ninety percent return rate of parental consent forms for all SEMI eligible students and complying with all program requirements set forth in N.J.A.C. 6A:23A-5.3(e).

Condition

The School District did not maximize participation in the SEMI program by obtaining a ninety percent return rate of parental consent forms for all SEMI eligible students.

Questioned Costs

None.

Context

An eighty-four percent parental consent form return rate was obtained.

Effect

The School District did not fully comply with N.J.A.C. 6A:23A-5.3(d) in obtaining a ninety percent return rate of parental consent forms for all SEMI eligible students.

Cause

There was an oversight by the responsible official.

Recommendation

That parental consent forms be obtained for at least ninety percent of SEMI eligible students in order to maximize participation in the SEMI program.

View of Responsible Official and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action.

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

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

FINANCIAL STATEMENT FINDINGS

Finding No. 2012-1

Condition

Several payroll reports and remittances were not made timely and the reconciliation of payroll deductions payable was not performed on a monthly basis.

Current Status

This condition has been resolved.

FEDERAL AWARDS

Finding No. 2012-2

Information on the Federal Program

U.S. Department of Education Passed Through the State Department of Education:
Title I Part A (CFDA No. 84.010A)

Condition

Our audit of the Title I Part A grant revealed that the District did not notify parents of students in schools in need of improvement, the current status of the school as required by the Elementary and Secondary Education Act section 1116.

Current Status

This condition has been resolved.

STATE FINANCIAL ASSISTANCE PROGRAMS

None.

