

**Alloway Township School District
Board of Education
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

ALLOWAY TOWNSHIP SCHOOL DISTRICT

ALLOWAY, NEW JERSEY 08001

**Alloway Township School Board of Education
Alloway, New Jersey 08001**

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**Alloway Township School Board of Education
Alloway, New Jersey 08001**

For the Fiscal Year Ended June 30, 2016

Prepared by:

**Alloway Township School
Board of Education Administration**

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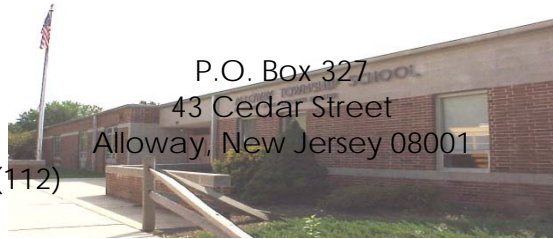
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INTRODUCTORY SECTION

Alloway Township School



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43 Cedar Street
Alloway, New Jersey 08001

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ROBERT J. BAZZEL, SUPERINTENDENT

REBECCA S. JOYCE, BUSINESS ADMINISTRATOR

September 2, 2016

Honorable President and
Members of the Board of Education
Alloway Township School District
43 Cedar Street
Alloway, New Jersey 08001

Dear Board Members:

The comprehensive annual financial report of the Alloway Township School District for the fiscal year ending June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the independent auditor's report, MD&A, and the basic financial statements including the district-wide statements, fund statements, notes to the financial statements, required supplementary information, other than MD&A, including budgetary comparison schedules, and other supplementary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The Alloway Township School District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, "Audits of State and Local Governments," and the New Jersey OMB's Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments." Information related to this single audit, including the auditor's reports on the internal control and compliance with applicable laws and regulations and findings and recommendations, if any, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES

The Alloway Township Board of Education and its one school (grades pre-K to 8), constitute the District's reporting entity. We completed the 2015-2016 school year with an average daily enrollment of 383, which is a slight increase over the previous year.

2) ECONOMIC CONDITIONS AND OUTLOOK

Alloway Township encompasses thirty-four square miles, and is experiencing a period of housing development and expansion, which is expected to continue with two results: 1) an increased tax base, and 2) a loss of land and the rural aspect, of which Alloway Township is famous. The above figures continue to reflect the economic condition of Alloway.

3) MAJOR INITIATIVES

Alloway Township values its unique heritage and is rightly proud of a history of student achievement. Alloway Township School District continues to support quality educational opportunities for all students in a changing community and world. Staff members are committed to provide excellent instruction to prepare our students for their place in the global economy of the 21st century. Curriculum renewal, quality staff development, and implementation of best practices of instruction have kept the District at the leading edge of educational improvement. Our student's scores are consistently strong in comparison to other districts in Salem County and in comparison to other like districts across the state. Reflecting on community responses to our survey, we are focusing on providing further opportunities for our gifted and talented students while continuing to strive for excellence and high achievement for all students and are working towards further increases in the number of students scoring in the Advanced Proficient category on these tests.

Major initiatives in the District focus on improving teacher practice and evaluation, and curriculum renewal. These initiatives include:

- * Mapping our curriculum in Language Arts and Mathematics to provide specific scope and sequence for each subject. This will assure all areas of the Common Core are focused on.
- * Moving all areas of school administration to the On Course program. This will include Student information services, grade books, curriculum, lesson plans, and teacher evaluations.
- * HIB – We continue to make a strong effort to eliminate bullying in our school through trainings, programs, and enforcement.

Beside the traditional courses of study, our students are offered advanced mathematics in grades 7 and 8 and Advanced Language Arts in grade 8. With our fully equipped science lab, we are offering the advanced 8th grade lab science in the District. We are able to offer advanced Spanish to 7th & 8th grade students on site by a certified World Language teacher. Our after-school enrichment program has offerings in leadership, drama, music, art, technology, creative problem solving, and psychomotor skill development.

Community and parental involvement are crucial to the success of our public schools. There are many opportunities available to parents, grandparents, and community members to be active participants in the daily activities of the school. Classroom teachers welcome volunteer tutors and aides to assist in helping students become more successful. Volunteers are also invited to read a favorite book, share their occupation and/or travel experiences with our

students. Parent nights, special programs, and involvement in the Parent-Teacher Association are some other avenues for participation.

Alloway Township residents have been very supportive of advancing education for their young people. The community has provided support through a variety of means, not the least of which is our PTA which continually funds programs and activities for our children that would not otherwise be possible. The following Mission Statement was developed to guide school personnel, the community and Board of Education in making educational decisions:

The Mission of the Alloway Township School District is:

- * To provide all students with an equal opportunity to achieve excellence and reach their full potential as lifelong learners.
- * To enable students to meet challenges with courage, conviction, and confidence.
- * To expect that all students shall master the skills stipulated in the New Jersey Core Curriculum Content Standards at all grade levels.
- * To provide quality programs through the dedication of committed, skilled teachers and administrators.
- * To maintain a staff of professional educators that supports the New Jersey Core Curriculum Content Standards and the New Jersey Standards for Professional Development.
- * To work collaboratively with parents to ensure a safe, orderly, caring, and supportive community for learning.

4) INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of the financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

5) BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by voters of the municipality. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service Fund. Project-length budgets, though not applicable, would be approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount for the fiscal year is reflected in the financial section.

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

6) ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds and account groups which are converted from governmental fund balances to net assets.

7) DEBT ADMINISTRATION

At June 30, 2016, the District's outstanding debt issues included \$1,860,000 of general obligation bonds. In October 2014, the District issued refunding obligation bonds of 2014 in the amount of \$2,075,000. The proceeds of this bond issue were placed in the District's Capital Projects Fund for use to provide capital improvements to the District's buildings and grounds. These improvements include construction of an addition to the existing school building, upgrades and renovations to existing areas, air conditioning of existing rooms and the acquisition of school furniture and other equipment as necessary.

8) CASH MANAGEMENT

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

9) RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability, comprehensive/collision, hazard and theft insurance on property and contents, school board liability, workmen's compensation and fidelity bonds.

10) OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Petroni & Associates LLC, was selected by the Board. In addition to meeting the requirements set forth in state

statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996, and the revised *Uniform Administrative Requirements, Costs Principles, Audit Requirements for Federal Awards (Uniform Guidance)*, and New Jersey OMB's Circular 15-08. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS

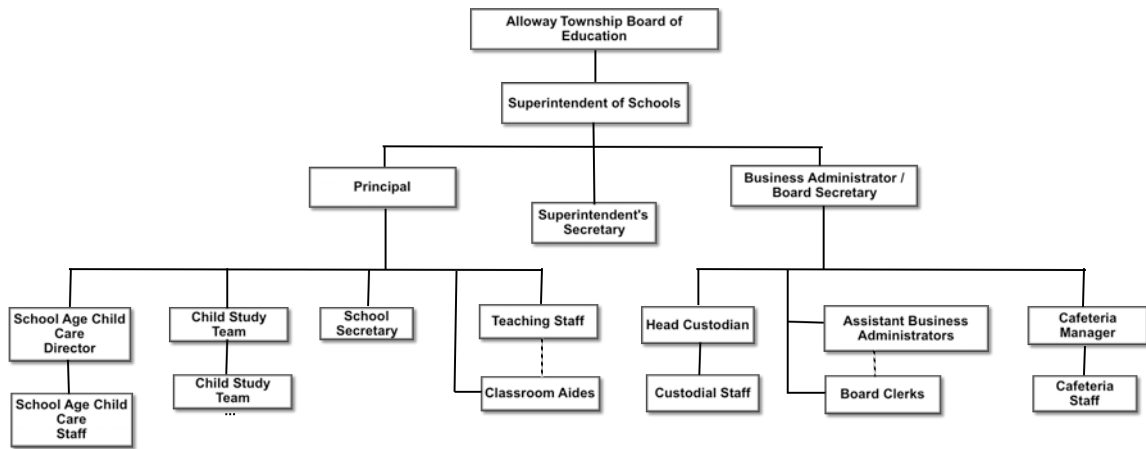
We would like to express our appreciation to the members of the Alloway Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial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

Respectfully submitted,

Robert J. Bazzel
Robert J. Bazzel, Superintendent

Rebecca S. Joyce
Rebecca S. Joyce, Business Administrator

ALLOWAY TOWNSHIP SCHOOL DISTRICT ORGANIZATIONAL CHART



REVISED DATE: October 15, 2013

**ALLOWAY TOWNSHIP BOARD OF EDUCATION
ALLOWAY, NEW JERSEY**

ROSTER OF OFFICIALS

JUNE 30, 2016

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES – DECEMBER 31</u>
Michael Dennison, President	2018
Colleen Fulmer, Vice President	2017
Cathleen Caltabiano	2018
Michael Clarke	2017
Elizabeth Decktor	2017
Philip Donohue	2016
Joseph Dyer, Jr.	2018
David Lounsbury	2016
Richard C. Morris Jr.	2017

OTHER OFFICIALS

Robert J. Bazzel, Superintendent

Rebecca S. Joyce, Business Administrator/Board Secretary

ALLOWAY TOWNSHIP BOARD OF EDUCATION
Alloway, New Jersey

CONSULTANTS AND ADVISORS

AUDIT FIRM

Petroni & Associates LLC
Certified Public Accountants
102 West High Street, Suite 100
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ATTORNEY

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Parker McCay P.A.
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P.O. Box 5054
Mount Laurel, NJ 08054-1539

OFFICIAL DEPOSITORY

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Alloway, NJ 08001

Century Savings Bank
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Elmer, NJ 08318

FINANCIAL SECTION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Jeffrey T. Ridgway, CPA
Deanna L. Roller, CPA, RMA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Alloway Township School District
43 Cedar Street
Alloway, New Jersey 08001

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 Board of Education of the Alloway Township School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the, Office of School 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 Board'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 district's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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 Board of Education, Alloway, New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information identified 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 Alloway Township Board of Education's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulation (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards (Uniform Guidance)*, and the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal and state awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards (Uniform Guidance)*, and the schedule of state financial assistance as required by NJ OMB's Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2016, on our consideration of the Alloway Township Board of Education's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering Alloway Township Board of Education's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542

September 2, 2016

Required Supplementary Information – Part I

**Alloway Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2016
Unaudited**

This section of the Alloway Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2016. Please read it in conjunction with the transmittal letter at the beginning of this report and the District's financial statement.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term and long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements.
- *Governmental funds statements* tell how *basic* services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds statements* offer *short-term and long-term* financial information about activities the District operates *like business*.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**Alloway Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2016
Unaudited**

Figure 1: Major Features of the District-wide and Fund Financial Statements

	District-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services is included here	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**Alloway Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2016
Unaudited**

District-wide Financial Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position - the difference between the District's assets and liabilities - are one way to measure the District's overall financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the District-wide financial statements, the District's activities are divided into two categories:

- **Governmental Activities** - Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.
- **Business-type Activities** - The District charges fees to help it cover the costs of certain services it provides. The District's food service program and SACC program would be included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, (such as repaying its long-term debts or completing approved capital projects) or to show that it is properly using certain revenues (such as federal grants).

The District has four kinds of funds:

- **Governmental Funds** - Most of the District's basic services are included in Governmental Funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out; and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

**Alloway Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2016
Unaudited**

Fund Financial Statements (Continued)

- **Proprietary Funds** - Services for which the District charges a fee are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way as the District-wide statements. In fact, the District's *Enterprise Funds* (one type of Proprietary Fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flow.
- **Internal Service Funds** - (the other kind of Proprietary Fund) are optional and utilized to report activities that provide supplies and services for other District programs and activities and for other Districts. The District currently has Internal Service Funds for shared business services, child study team services and shared superintendent services.
- **Fiduciary Funds** - The District is the trustee, or *fiduciary*, for assets that belong to others, such as the Student Activity Fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because the District cannot use these assets to finance its operations.

Figure 2: Financial Analysis of the District as a Whole

	2016		2015		Total	
	Governmental	Business-Type	Governmental	Business-Type	2016	2015
ASSETS						
Current and other assets	\$ 970,133	\$ 3,066	\$ 1,430,580	\$ 12,032	\$ 973,199	\$ 1,442,612
Capital assets	5,832,038	19,748	5,669,696	11,879	5,851,786	5,681,575
Total assets	<u>6,802,171</u>	<u>22,814</u>	<u>7,100,276</u>	<u>23,911</u>	<u>6,824,985</u>	<u>7,124,187</u>
DEFERRED OUTFLOWS OF RESOURCES						
Loss on refunding bond issue	57,917				57,917	
Deferred outflows related to pension	234,484		89,294		234,484	89,294
Total deferred outflows of resources	<u>292,401</u>		<u>89,294</u>		<u>292,401</u>	<u>89,294</u>
LIABILITIES						
Current liabilities	32,492	5,273	20,558	4,707	37,765	25,265
Noncurrent liabilities	2,006,518	3,855	2,201,425	3,585	2,010,373	2,205,010
Net pension liability	1,423,334		1,183,069		1,423,334	1,183,069
Total liabilities	<u>3,462,344</u>	<u>9,128</u>	<u>3,405,052</u>	<u>8,292</u>	<u>3,471,472</u>	<u>3,413,344</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pension	<u>77,014</u>		<u>189,430</u>		<u>77,014</u>	<u>189,430</u>
NET POSITION						
Invested in capital assets, net of related debt	4,013,234	19,748	3,641,137	11,879	4,032,982	3,653,016
Restricted	972,754		1,436,371		972,754	1,436,371
Unrestricted	(1,430,774)	(6,062)	(1,482,420)	3,740	(1,436,836)	(1,478,680)
Total net position	<u>\$ 3,555,214</u>	<u>\$ 13,686</u>	<u>\$ 3,595,088</u>	<u>\$ 15,619</u>	<u>\$ 3,568,900</u>	<u>\$ 3,610,707</u>

Net Position - The District's combined total assets are \$6,824,985 on June 30, 2016, (See Exhibit A-1). Approximately .33% of the total assets are from business-type activities, while the balance of the total net position is 99.67%, attributable to Governmental activities.

**Alloway Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2016
Unaudited**

Fund Financial Statements (Continued)

Changes in Net Position

	2016		2015		Total	
	Governmental	Business- Type	Governmental	Business- Type	2016	2015
REVENUES:						
Program revenues						
Charges for services	\$ 435,085	\$ 161,299	\$ 486,664	\$ 166,367	\$ 596,384	\$ 653,031
Operating grants and contributions	249,856	44,490	179,826	47,474	294,346	227,300
General revenues						
Property taxes	3,946,751		3,870,742		3,946,751	3,870,742
Grants and entitlements	4,483,990		4,491,334		4,483,990	4,491,334
Other	24,627	9,380	73,598		34,007	73,598
Total revenues	9,140,309	215,169	9,102,164	213,841	9,355,478	9,316,005
EXPENSES:						
Instruction-related	2,434,419		2,424,754		2,434,419	2,424,754
Student support services	3,167,978		3,079,536		3,167,978	3,079,536
School administration	143,006		124,732		143,006	124,732
General administration	281,273		275,712		281,273	275,712
Central services	323,862		391,976		323,862	391,976
Administrative info. technology	2,575		1,697		2,575	1,697
Plant operations & maintenance	402,302		419,411		402,302	419,411
Pupil transportation	546,707		497,998		546,707	497,998
Employee benefits	1,513,749		1,459,652		1,513,749	1,459,652
Interest on debt	59,708		92,128		59,708	92,128
Food service		148,862		146,010	148,862	146,010
Unallocated depreciation	247,034		234,875		247,034	234,875
Other	47,530	78,280	43,768	92,080	125,810	135,848
Total expenses	9,170,143	227,142	9,046,239	238,090	9,397,285	9,284,329
Transfers	(10,040)	10,040	(10,800)	10,800		
Increase (decrease) in net position	\$ (39,874)	\$ (1,933)	\$ 45,125	\$ (13,449)	\$ (41,807)	\$ 31,676

Changes in Net Position - The District's total revenues are \$9,355,478 for the fiscal period ended June 30, 2016, (See Exhibit A-2). The revenue breakout for all funds is as follows: Property taxes 42.2%, grants and entitlements 47.9%, and the remainder 9.9% from fees charged for services and miscellaneous resources.

The District's predominant expenses are related to instruction and student support services which is approximately 59.6%. Administrative & Business departments accounts for 8%. Another 4.3% is related to Maintenance & Operations. Transportation expenses make up 5.8% of the District's expenses. Employee benefits make up 16.1% of the District's expenses and interest on debt service accounts for .63%. Depreciations accounts for 2.6% and Proprietary Funds such as food service and childcare and all other accounts for 2.97%.

**Alloway Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2016
Unaudited**

Governmental Activities

Revenues for governmental activities were \$9,140,309, while total expenses amounted to \$9,170,143 and a transfer of \$10,040 to food service (See Exhibit A-2). This resulted in a decrease in net position in governmental activities of (\$39,874) compared to 33,425 for 2015.

Overall, the District's financial position can be credited to increased revenue and controlling expenses due to the impending state budget crisis, and the District securing grants to supplement local and state funding.

Business-Type Activities

Revenues of the District's business-type activities (food and nutrition services and after school child care) were comprised of charges for services, federal and state reimbursements, and investment earnings:

- Business-type activities expenditures exceeded revenues by \$1,933.
- Charges for services represent \$161,299 of revenue. This represents amounts paid by patrons.
- Federal and state reimbursements include payments for free & reduced lunches and special milk and donated commodities were \$44,490.

Financial Analysis of the District's Funds

The strong financial performance of the District as a whole is primarily reflected in its Governmental Funds. As the District completed the year, its Governmental Funds reported combined fund balances of \$911,312 (See Exhibit B-1). The District also controlled expenditures. Fund balance for the General Fund had an increase of \$67,742 over the prior year.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories:

- Transfers of available funds into the capital account.
- Transfers between budgetary line accounts to prevent overruns.

The District's final budget anticipated utilizing \$435,401 in fund balance, prior year encumbrances rolled forward to FY 2016 of \$5,254 decreased by a budgeted interest on capital reserve of \$8,000 for this fiscal period. Due to the impending State budget crisis, actual expenditures in the fiscal year was minimized, there was an increase of \$67,742 in fund balance (See Exhibit B-2).

Capital Assets

The Alloway Township School District's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounted to \$5,851,786 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and furniture (more detailed information about capital assets can be found in Note 6 to the financial statements).

**Alloway Township School District
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2016
Unaudited**

Capital Assets (Continued)

	2016		2015		Total	
	Governmental	Business- Type	Governmental	Business- Type	2016	2015
Land	\$ 153,751		\$ 206,719		\$ 153,751	\$ 206,719
Site improvements	37,415		41,482		37,415	41,482
Buildings	5,549,523		5,321,096		5,549,523	5,321,096
Machinery & equipment	91,349	\$ 19,748	100,399	\$ 11,879	111,097	112,278
Total	\$ 5,832,038	\$ 19,748	\$ 5,669,696	\$ 11,879	\$ 5,851,786	\$ 5,681,575

Long-Term Debt

At year-end, the District had \$1,860,000 in general obligation bonds and other long-term debt outstanding. During fiscal year 2004-2005, the District sold \$3.4 million in general obligation bonds to help finance facilities construction and improvements throughout the District. These bonds were refunded on October 16, 2014.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- State Formula Aid for the FY 2016 had no change. A slight increase is expected in FY 2017.
- The District's special revenue is an unpredictable revenue source. The District avails itself of every grant opportunity to increase educational opportunities for the students.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact Rebecca S. Joyce, Business Administrator/Board Secretary, Alloway Township School District, P.O. Box 327, 43 Cedar Street, Alloway, NJ 08001.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-type Activities	Totals FY 2016
ASSETS			
Cash and cash equivalents	\$ 115,449		\$ 115,449
Receivables, net	299,110	\$ 1,700	300,810
Inventory		1,366	1,366
Restricted assets:			
Capital reserve account - cash	545,899		545,899
Cash and cash equivalents	9,675		9,675
Capital assets			
Non-depreciable assets	153,751		153,751
Assets net of depreciation	5,678,287	19,748	5,698,035
Total assets	<u>6,802,171</u>	<u>22,814</u>	<u>6,824,985</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding bond issue	57,917		57,917
Deferred outflows related to pension	234,484		234,484
Total deferred outflows of resources	<u>292,401</u>		<u>292,401</u>
LIABILITIES			
Cash overdraft		1,722	1,722
Accounts payable	15,771		15,771
Unearned income		3,551	3,551
Accrued interest	16,721		16,721
Noncurrent liabilities:			
Due within one year	215,000		215,000
Due beyond one year	1,791,518	3,855	1,795,373
Net pension liability	1,423,334		1,423,334
Total liabilities	<u>3,462,344</u>	<u>9,128</u>	<u>3,471,472</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	77,014		77,014
NET POSITION			
Invested in capital assets, net of related debt	4,013,234	19,748	4,032,982
Restricted for:			
Debt service	9,675		9,675
Capital projects	569,656		569,656
Other purposes	393,423		393,423
Unrestricted	(1,430,774)	(6,062)	(1,436,836)
Total net position	<u>\$ 3,555,214</u>	<u>\$ 13,686</u>	<u>\$ 3,568,900</u>

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction:						
Regular	\$ 1,724,878			\$ (1,724,878)		\$ (1,724,878)
Special education	551,878		\$ 178,559	(373,319)		(373,319)
Other special education	128,394			(128,394)		(128,394)
Other instruction	29,269			(29,269)		(29,269)
Support services:						
Tuition	2,494,583			(2,494,583)		(2,494,583)
Student & instructional related services	673,395	\$ 126,000	47,837	(499,558)		(499,558)
General administration	281,273	80,023		(201,250)		(201,250)
School administrative services	143,006			(143,006)		(143,006)
Central services	323,862	172,000		(151,862)		(151,862)
Administration information tech.	2,575			(2,575)		(2,575)
Plant operations & maintenance	402,302			(402,302)		(402,302)
Pupil transportation	546,707	57,062		(489,645)		(489,645)
Employee benefits	1,513,749		23,460	(1,490,289)		(1,490,289)
Interest on long-term debt	59,708			(59,708)		(59,708)
Capital outlay	47,530			(47,530)		(47,530)
Unallocated depreciation	247,034			(247,034)		(247,034)
Total Governmental activities	9,170,143	435,085	249,856	(8,485,202)		(8,485,202)
Business-type activities:						
Food service	148,862	83,990	44,490		\$ (20,382)	(20,382)
Other activities	78,280	77,309			(971)	(971)
Total business-type activities	227,142	161,299	44,490		(21,353)	(21,353)
Total primary Government	\$ 9,397,285	\$ 596,384	\$ 294,346	\$ (8,485,202)	\$ (21,353)	\$ (8,506,555)
General revenues:						
Taxes:						
Property taxes, levied for general purpose, net				\$ 3,698,284		\$ 3,698,284
Taxes levied for debt service				248,467		248,467
Federal and state aid not restricted				4,483,990		4,483,990
Tuition charges				12,393		12,393
Transportation charges				1,722		1,722
Investment earnings				6,229		6,229
Miscellaneous income				5,071		5,071
Operating transfer				(10,040)	\$ 10,040	
Loss on disposal of asset				(788)	(1,220)	(2,008)
Capital asset contribution					10,600	10,600
Total general revenues, special items, extraordinary items, and transfers				8,445,328	19,420	8,464,748
Change in net position				(39,874)	(1,933)	(41,807)
Net position - beginning				3,595,088	15,619	3,610,707
Net position - end				\$ 3,555,214	\$ 13,686	\$ 3,568,900

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Totals FY 2016
ASSETS					
Cash and cash equivalents	\$ 280,856	\$ 13,387		\$ 9,675	\$ 303,918
Receivables from other Governments	86,941		\$ 212,169		299,110
Restricted cash and cash equivalents	545,899				545,899
Total assets	<u>\$ 913,696</u>	<u>\$ 13,387</u>	<u>\$ 212,169</u>	<u>\$ 9,675</u>	<u>\$ 1,148,927</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Cash overdraft			\$ 188,412		\$ 188,412
Accounts payable	\$ 2,384	\$ 13,387			15,771
Total liabilities	<u>2,384</u>	<u>13,387</u>	<u>188,412</u>		<u>204,183</u>
Fund balances:					
Restricted for:					
Excess surplus - current year	170,692				170,692
Maintenance reserve	5,000				5,000
Capital reserve	545,899				545,899
Capital projects			23,757		23,757
Assigned to:					
Other purposes	39,996				39,996
Designated by the BOE for subsequent year's expenditures	177,735			\$ 9,675	187,410
Unassigned:					
General fund	(28,010)				(28,010)
Total fund balances	<u>911,312</u>		<u>23,757</u>	<u>9,675</u>	<u>944,744</u>
Total liabilities and fund balances	<u>\$ 913,696</u>	<u>\$ 13,387</u>	<u>\$ 212,169</u>	<u>\$ 9,675</u>	

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

	<u>FY 2016</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 assets is \$10,401,462 and the accumulated depreciation is \$4,569,424 (See Note 7).	\$ 5,832,038
Internal Service Funds are used by management to charge the costs of certain activities, such as business services and food service to other governments. Assets and liabilities of the internal service funds of \$9,683, less \$65, which represents food service assets and are included in business-type activities, in the statement of net position.	9,618
Net pension liability adjustment for GASB Statement No. 68 and 71	(1,265,864)
Deferred bond issuance costs are expenses in governmental funds in the year the bonds are issued, but are capitalized in the statement of net position.	57,917
Interest on long-term debt in the statement of activities is accrued, regardless of when due.	(16,721)
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 (see Note 8).	(2,006,518)
Net position of governmental activities	<u>\$ 3,555,214</u>

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Totals FY 2016
REVENUES:					
Local sources					
Local tax levy	\$ 3,698,284			\$ 248,467	\$3,946,751
Tuition charges	12,393				12,393
Transportation charges	1,722				1,722
Interest earned on investments	2,410				2,410
Interest earned on capital reserve funds	3,819				3,819
Miscellaneous	5,071	\$ 2,475			7,546
	<u>3,723,699</u>	<u>2,475</u>		<u>248,467</u>	<u>3,974,641</u>
State sources	4,483,990				4,483,990
Federal sources		247,381			247,381
Total revenues	<u>8,207,689</u>	<u>249,856</u>		<u>248,467</u>	<u>8,706,012</u>
EXPENDITURES:					
Current:					
Regular instruction	1,719,679				1,719,679
Special education instruction	372,982	178,559			551,541
Other special instruction	128,101				128,101
Other instruction	29,899				29,899
Support services & undistributed costs:					
Tuition	2,494,583				2,494,583
Student & instruction related services	504,769	47,837			552,606
General administration	184,250				184,250
School administrative services	141,006				141,006
Central services	163,754				163,754
Administration information tech.	2,575				2,575
Plant operations and maintenance	398,922				398,922
Pupil transportation	489,645				489,645
Employee benefits	1,507,630	23,460			1,531,090
Debt service:					
Principal				215,000	215,000
Interest and other charges				54,463	54,463
Capital outlay	63,486		\$ 394,208		457,694
Total expenditures	<u>8,201,281</u>	<u>249,856</u>	<u>394,208</u>	<u>269,463</u>	<u>9,114,808</u>
Excess (deficiency) of revenues over expenditures	<u>6,408</u>		<u>(394,208)</u>	<u>(20,996)</u>	<u>(408,796)</u>
Other financing sources (uses):					
Operating transfers:					
Transfer from internal service fund	73,334				73,334
Transfer to food service - board contribution	(12,000)				(12,000)
Total other financing sources (uses)	<u>61,334</u>				<u>61,334</u>
Net change in fund balances	67,742		(394,208)	(20,996)	(347,462)
Fund balance - July 1	843,570		417,965	30,671	1,292,206
Fund balance - June 30	<u>\$ 911,312</u>		<u>\$ 23,757</u>	<u>\$ 9,675</u>	<u>\$ 944,744</u>

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2016

Total net change in fund balances - Governmental Funds (from B-2)	\$ (347,462)
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.	
Capital outlays	\$ 410,164
Depreciation expense	<u>(247,034)</u>
	163,130
Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.	
Bond principal payments	215,000
In the Statement of Activities, only the gain (loss) on disposal of capital assets is reported, whereas, in the Governmental Funds, the proceeds from a sale increase financial resources. Thus, the change in net position will differ from the change in fund balance by the cost of the asset removed.	
	(788)
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.	
	(6,678)
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.	
	1,433
Pension contributions are reported in Governmental Funds as expenditures. However in the statement of activities, the contributions are adjusted for actuarial valuation adjustments.	
	17,341
Internal service funds are used by management to charge the costs of certain activities, such as shared business services and child study team consortium. The operating income \$9,683, less \$65 for food service, are included in the Governmental activities and Statement of Net Position (see Exhibit G-5).	
	9,618
Internal Service Funds are used by Management to charge the costs of certain activities, such as shared business services and child study team consortium. The operating net position of \$71,375 was transferred to the General Fund. These funds are already included in the Governmental activities and Statement of Net Position	
	(71,375)
In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.	
	<u>(20,093)</u>
Change in net position of governmental activities	<u>\$ (39,874)</u>

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2016

	Business-type Activities			Governmental Activities - Internal Service Fund
	Food Service Fund	Other Funds	Totals FY 2016	
ASSETS				
Current assets:				
Cash and cash equivalents		\$ 7,365	\$ 7,365	\$ 9,683
Accounts receivable:	\$ 1,367	333	1,700	
Inventory	1,366		1,366	
Total current assets	2,733	7,698	10,431	9,683
Noncurrent assets:				
Furniture, machinery & equipment	55,595		55,595	
Less: accumulated depreciation	(35,847)		(35,847)	
Total non-current assets	19,748		19,748	
Total assets	22,481	7,698	30,179	\$ 9,683
LIABILITIES				
Cash overdraft	9,152		9,152	
Unearned income		3,551	3,551	
Compensated absences	3,855		3,855	
Total liabilities	13,007	3,551	16,558	
NET POSITION				
Invested in capital assets net of related debt	19,748		19,748	
Unrestricted	(10,274)	4,147	(6,127)	\$ 9,683
Total net position	\$ 9,474	\$ 4,147	\$ 13,621	\$ 9,683

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2016

	Business-type Activities Enterprise Fund			Governmental Activities - Internal Service Fund
	Food Service Fund	Other Activities	Totals FY 2016	
OPERATING REVENUES:				
Local sources:				
Daily sales-reimbursable programs	\$ 46,875		\$ 46,875	
Daily sales-special milk program	348		348	
Daily sales non-reimbursable programs	29,767		29,767	
Other charges and fees				\$ 442,085
Community service activities		\$ 77,309	77,309	
Total operating revenue	76,990	77,309	154,299	442,085
OPERATING EXPENSES:				
Salaries	59,695	64,638	124,333	294,866
Employee benefits	15,351	6,495	21,846	78,155
Purchased professional/technical services	3,740		3,740	
Other purchased services (400-500 series)		700	700	57,924
Supplies and materials	290	3,410	3,700	200
Cost of sales	61,147		61,147	
Miscellaneous other expenses	193	3,037	3,230	1,257
Depreciation	1,511		1,511	
Total operating expenses	141,927	78,280	220,207	432,402
Operating income (loss)	(64,937)	(971)	(65,908)	9,683
NON-OPERATING REVENUES:				
State sources:				
National school lunch program - state	1,191		1,191	
Federal sources:				
National school lunch program	31,540		31,540	
Special milk program	285		285	
Food distribution program	11,474		11,474	
Loss on disposal of assets	(1,220)		(1,220)	
Capital asset contribution	10,600		10,600	
Total non-operating revenues (expenses)	53,870		53,870	
Income (loss) before operating transfers	(11,067)	(971)	(12,038)	9,683
Net income (loss) before operating transfers	(11,067)	(971)	(12,038)	9,683
Other financing sources:				
Board contribution	12,000		12,000	
Transfers to general fund				(73,335)
Net income (loss)	933	(971)	(38)	(63,652)
Total net position - beginning	8,541	5,118	13,659	73,335
Total net position - ending	\$ 9,474	\$ 4,147	\$ 13,621	\$ 9,683

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities Enterprise Fund			Governmental Activities - Internal Service Fund
	Food Service Fund	Other Activities	Totals FY 2016	
Cash flows from operating activities:				
Receipts from customers	\$ 76,990	\$ 77,021	\$ 154,011	\$ 488,603
Payments to suppliers	(53,758)	(7,147)	(60,905)	(59,381)
Payments to employees	(59,425)	(64,638)	(124,063)	(294,866)
Payments for employee benefits	(15,351)	(6,495)	(21,846)	(78,155)
Net cash provided (used) by operating activities	(51,544)	(1,259)	(52,803)	56,201
Cash flows from non-capital financing activities:				
Cash received from state & federal reimbursements	33,715		33,715	
Board contribution	12,000		12,000	
Transfers to general fund				(73,335)
Net cash provided by non-capital financing activities	45,715		45,715	(73,335)
Net increase in cash & cash equivalents	(5,829)	(1,259)	(7,088)	(17,134)
Cash and cash equivalents - July 1	(3,323)	8,624	5,301	26,817
Cash and cash equivalents - June 30	\$ (9,152)	\$ 7,365	\$ (1,787)	\$ 9,683
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (64,937)	\$ (971)	\$ (65,908)	\$ 9,683
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	1,511		1,511	
Food distribution program	11,474		11,474	
Change in assets and liabilities:				
Increase (decrease) in accts. receivable		868	868	46,518
(Increase) decrease in inventory	138		138	
Increase (decrease) in deferred revenue		(1,156)	(1,156)	
Increase in compensated absences	270		270	
	\$ (51,544)	\$ (1,259)	\$ (52,803)	\$ 56,201

See accompanying notes to the basic financial statements.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

ASSETS

Current assets:

Cash and cash equivalents	\$ 46,899
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Total assets	<u>\$ 46,899</u>
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LIABILITIES

Current liabilities:

Due to student groups	\$ 21,023
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Payroll deductions and withholdings	25,876
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Total current liabilities	<u>\$ 46,899</u>
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See accompanying notes to the basic financial statements.

NOTES TO FINANCIAL STATEMENTS

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The Alloway Township School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials who are responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education of Alloway Township School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB).

The more significant accounting policies established in (GAAP) and used by the District are discussed below.

A. Reporting Entity

The Alloway Township School District is a Type II District located in the County of Salem, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-8.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's Board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

B. Government-wide Statements

The School District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds.) Both the Government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's general, special revenue, capital projects, and debt service are classified as governmental activities. The District's food service and childcare programs are classified as business-type activities.

In the Government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts:

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide Statements (Continued)

invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The Government-wide Statement of Activities reports both the gross and net costs of each of the District's functions and business-type activities (food service and childcare). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, operating, and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student and instruction related services, etc.) or business-type activities. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

The District does not allocate indirect costs such as depreciation expense, on-behalf of Teachers' Pensions and Annuity Fund (TPAF) Pension contributions, and TPAF Social Security Contributions.

The Government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. The Government-wide statements do not include fiduciary activity.

C. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The District reports the following Governmental Funds:

GOVERNMENTAL FUNDS

The focus of the Governmental Funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the District.

General Fund - The General Fund is the general operating fund of the 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 which are classified in the Capital Outlay Subfund.

As required by the New Jersey State Department of Education, the District included budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Financial Statements (Continued)

General Fund (Continued) - outlays for long-lived improvements, as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes, and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings, and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from state and federal governments, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction, and improvement programs.

PROPRIETARY FUNDS

The focus of the Proprietary Funds measurement is upon the determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector. The following are descriptions of the Proprietary Funds of the District:

Enterprise Funds - The Enterprise Funds account for all revenues and expenses pertaining to the Board's operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services on a continuing basis are financed or recovered primarily through user charges.

The District's Enterprise Funds are comprised of the Food Service Fund and Child Care.

Internal Service Fund - The Internal Service Fund accounts for the financing of services provided by one department to other departments of the School District, or to other governments on a cost-reimbursement basis.

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or other governments and therefore not available to support District programs. The reporting focus is on net position. Changes in net position are reported using accounting principles similar to Proprietary Funds.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Financial Statements (Continued)

FIDUCIARY FUNDS (CONTINUED)

The emphasis in fund financial statements is on the major funds in either the Governmental or Business-type Activities categories. Non-major funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

The District's Fiduciary Funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The Fiduciary Funds include Student Activity Fund, Payroll, and Payroll Agency Funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported on the financial statements. It also related to the timing of the measurement made regardless of the measurement focus applied.

Both Governmental and Business-type Activities in the Government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The Governmental Funds financial statements are reported on the modified accrual basis of accounting. Under this method, revenues are recorded when they become both susceptible to accrual; i.e. both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, claims, and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Proceeds of general obligation long-term debt, if any, is recognized when due.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting 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.

E. Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, cash in banks, money market accounts, and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury agency obligations and

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Cash Equivalents (Continued)

certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

For purposes of determining cash equivalents, the District considers all investments with an original maturity of three months or less as cash equivalents.

New Jersey School Districts are limited to the types of investments and types of financial institutions they may invest in. New Jersey statute (NJSA 18A:20-37) provides a list of permissible investments that may be purchased by New Jersey School Districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of 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.

NJSA 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 depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks), and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least 5% of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Inventories

Inventories in the General Fund consist of expendable supplies held for the District's use and are carried at cost using first-in first-out method. Inventories in the Enterprise Fund are valued at cost, which approximates market, using first-in, first-out method. Inventory in the Food Service Fund at June 30, 2016, consisted of the following:

Food - commodities	\$	992
Food		374
	\$	<u>1,366</u>

The value of federal donated commodities are reflected in Schedule A (required by Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical costs or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is computed using the straight-line method over the estimated useful lives:

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Site improvements	15-20
Building & improvements	20-50
Machinery & equipment	5-20

GASB No. 34 requires the District to report and depreciate new infrastructure assets. Infrastructure assets include roads, parking lots, underground pipe, etc. Neither their historical costs nor related depreciation has historically been reported in the financial statements. The District has included infrastructure assets in the current fiscal year.

H. Revenues

Substantially all Governmental Fund revenue is accrued. Property taxes are susceptible to accrual and 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 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 District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." Subsidies and grants to Proprietary Funds, which finance either capital or current operations, are reported as non-operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

I. Expenditures

Expenses are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

J. Compensated Absences

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

In Governmental Funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as expenditures and fund liability, in the fund, that will pay for the compensated absences. The remainder of the compensated absence liability is reported in the District-wide financial statements as a governmental activity.

In Proprietary and similar Trust Funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Interfund Receivables/Payables

Transfers between Governmental and Business-type Activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in Governmental Funds and after non-operating revenues/expenses in the enterprise fund. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the Statement of Net Assets, except for amounts due between governmental and business-type activities or Governmental and Agency Funds, which are presented as internal balances.

L. Accrued Salaries and Wages

None of the School District's employees who provide services to the District over the ten month academic year have the option to have their salaries evenly disbursed during the entire twelve month year.

M. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budgets are submitted to the county office for approval and are approved as long as the District budget is within State mandated CAP's, there is no public vote on the budget. If the budget exceeds State mandated CAP's, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund as described later. 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 NJAC 6:23-2(g). Budget amendments/transfers of appropriations must be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools. All budget amendments presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The Capital Projects Fund presents the remaining project appropriations compared to current year expenditures.

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 last state aid payment for budgetary purposes only and the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund types. Unencumbered appropriations lapse at fiscal year-end.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Budgets/Budgetary Control (Continued)

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grants accounting budgetary basis differs from GAAP in that the grant accounting 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.

N. Encumbrances

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

Open encumbrances in the Special Revenue Fund, for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year-end.

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

O. Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

P. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide 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, contractually required pension contributions and compensated absences that are paid from Governmental Funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Q. Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

S. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

T. Net Position

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. 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. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

U. Fund Balance Reserves

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.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Fund Balance Reserves (Continued)

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.

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 funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both Restricted and Unrestricted Fund balances are available, the District considers Restricted Funds to have been spent first. When an expenditure is incurred for which Committed, Assigned, or Unassigned Fund balances are available, the District considers amounts to have been spent first out of Committed Funds, then Assigned Funds, and finally Unassigned Funds, as needed.

V. Recent Accounting Pronouncements Not Yet Effective

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This statement, which is effective for fiscal periods beginning after June 15, 2017, the impact of this statement on the net position of the entity is anticipated to be significant.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77, "Tax Abatement Disclosures." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Recent Accounting Pronouncements Not Yet Effective (Continued)

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 79, "Certain External Investment Pools and Pool Participants." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements." This statement, which is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82, "Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73." This statement, which is effective for fiscal periods beginning after June 15, 2016. Although not determinable, the impact of this statement on the net position of the district is anticipated to not be significant.

NOTE 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in NJSA 18A:20-37 that are treated as cash equivalents. The carrying amount of the District's cash and cash equivalents at June 30, 2016 and 2015, was \$716,200 and \$1,099,638. As of June 30, 2016 and 2015, \$0 of the District's bank balance of \$867,728 and \$1,231,491, respectively, was exposed to Custodial Credit Risk.

NOTE 3: INVESTMENTS

As of June 30, 2016 and 2015, the District did not have any investments.

Interest Rate Risk - The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, NJSA 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk - NJSA 18A:20-37 limits District investments to those specified in the statutes. The type of allowable investments are: Bonds of the United States of America or of the District or the local units in which the District is located; obligations of federal agencies not exceeding 397 days; Government money market mutual funds; the State of New Jersey Cash Management Plan; local Government investment pools; or repurchase of fully collateralized securities.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3: INVESTMENTS (CONTINUED)

Concentration of Credit Risk - The District places no limit on the amount the District may invest in any one issuer.

NOTE 4: RECEIVABLES

Receivables at June 30, 2016, (see Exhibit B-1 and B-4) consisted of Intergovernmental receivables. All receivables are considered collectible in full. A summary of the principal items of the intergovernmental receivables are as follows:

	Governmental Activities	Business- Type Activities
State aid	\$ 86,941	\$ 100
Other		280
Federal aid		1,320
	\$ 86,941	\$ 1,700

NOTE 5: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Board of Education by inclusion of \$5,000 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 District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual

General Fund budget certified for taxes or by transfer by board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to NJSA 19:60-2. Pursuant to NJAC 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The June 30, 2016, LRFP balance does not exceed the capital reserve balance.

Beginning balance, July 1, 2015	\$ 542,080
Interest earnings	3,819
Deposits	8,000
Ending balance, June 30, 2016	\$ 553,899

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 6: CAPITAL ASSETS

Activity for capital assets capitalized by the District group is summarized below for the fiscal year ended June 30, 2016.

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance June 30, 2016</u>
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 52,968		\$ 52,968	
Sites (land)	153,751			\$ 153,751
Total capital assets not being depreciated	<u>206,719</u>		<u>52,968</u>	<u>153,751</u>
Site improvements	131,103			131,103
Building & building improvements	9,130,644	\$ 456,649		9,587,293
Machinery & equipment	<u>538,747</u>	<u>6,483</u>	<u>15,915</u>	<u>529,315</u>
Totals at historical cost	<u>9,800,494</u>	<u>463,132</u>	<u>15,915</u>	<u>10,247,711</u>
Less: accumulated depreciation for:				
Site improvements	(89,621)	(4,067)		(93,688)
Building & building improvements	(3,809,548)	(228,222)		(4,037,770)
Machinery & equipment	<u>(438,348)</u>	<u>(14,745)</u>	<u>15,127</u>	<u>(437,966)</u>
Total accumulated depreciation	<u>(4,337,517)</u>	<u>(247,034)</u>	<u>15,127</u>	<u>(4,569,424)</u>
Governmental activities capital assets, net	<u>\$ 5,669,696</u>	<u>\$ 216,098</u>	<u>\$ 53,756</u>	<u>\$ 5,832,038</u>
Business-type activities:				
Machinery & equipment	\$ 69,387	\$ 10,600	\$ 24,392	\$ 55,595
Less: accumulated depreciation	<u>(57,508)</u>	<u>(1,511)</u>	<u>23,172</u>	<u>(35,847)</u>
Business-type capital assets, net	<u>\$ 11,879</u>	<u>\$ 9,089</u>	<u>\$ 1,220</u>	<u>\$ 19,748</u>

Depreciation was charged as an unallocated expense since it could not be specifically identified to one program/function for governmental activities.

NOTE 7: GENERAL LONG-TERM DEBT

Bonds 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 Board are General Obligation Bonds.

Permanently funded debt as of June 30, 2016, consisted of the following:

\$2,075,000 Refunding Bonds of 2014 dated October 16, 2014, payable in annual installments through March 1, 2025. Interest is paid semi-annually at an interest rate from 2% to 4%. The remaining balance as of June 30, 2016, was \$1,860,000.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

Long-Term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2016, are as follows:

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016	Due Within One Year
Compensated absences	\$ 126,425	\$ 37,373	\$ 17,280	\$ 146,518	
Bonds payable	2,075,000		215,000	1,860,000	\$ 215,000
	<u>\$ 2,201,425</u>	<u>\$ 37,373</u>	<u>\$ 232,280</u>	<u>\$ 2,006,518</u>	<u>\$ 215,000</u>

Bonds Payable

Principal and interest due on serial bonds outstanding is as follows:

Year Ended June 30,	Principal	Interest	Total
2017	\$ 215,000	\$ 50,163	\$ 265,163
2018	215,000	43,713	258,713
2019	210,000	37,263	247,263
2020	215,000	28,863	243,863
2021	210,000	24,563	234,563
2022-2025	795,000	50,956	845,956
	<u>\$ 1,860,000</u>	<u>\$ 235,519</u>	<u>\$ 2,095,519</u>

Bonds Authorized But Not Issued

As of June 30, 2016, the Board has \$0 of bonds authorized but not issued.

Advanced Refunding

On October 16, 2014, the District issued Refunding School Bonds in the amount of \$2,075,000, with interest rates varying from 2% to 4% to advance refund the school bonds, term series 2005 in the amount of \$1,996,000, with interest rates varying from 4% to 4.25%. After paying issuance costs, the net proceeds were used to purchase U.S. Government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are called. The school bonds, term series 2005 were called for redemption on March 1, 2015. The advance refunding met the requirements for an in-substance debt defeasance and the bonds were removed from the District's financial statements. As a result of the advance refunding, the District recognized an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$107,798.

Other

Interest paid on debt issued by the District is exempt from federal income tax. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage. Earnings in excess of the yield on the debt issue are rebated to the federal government based on the requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

Other (Continued)

Rebatable arbitrage liabilities related to District debt are not recorded in Governmental Funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities, related to governmental debt, will be accrued as incurred at least annually (at fiscal year-end) on the District-wide financial statements.

For the year ended June 30, 2016, it is not necessary for the Board to establish a liability for arbitrage rebate.

Compensated absences are recorded as long-term liabilities due in more than one year.

NOTE 8: PENSION FUNDS/LIABILITY

Description of Plans - All eligible employees of the District are covered by the Public Employees' Retirement System, (PERS), or Teachers' Pension and Annuity Fund (TPAF) a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of NJSA 18A:66 to provide retirement benefits, death, disability, and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing, multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified titles.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of NJSA 43:15A to provide retirement, death, disability, and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing, multiple-employer plan defined benefit pension plan. Membership is generally required for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another state-administered retirement system or other state or local jurisdiction.

Funding Policy - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: PENSION FUNDS (CONTINUED)

Funding Policy (Continued) - New Jersey legislation. TPAF and PERS provide for employee contributions of 7.06% of employees' annual compensation, as defined. Subsequent increases will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The District's contributions to PERS for the years ending June 30, 2016, 2015, and 2014, were \$54,512, \$52,092, and \$53,162, respectively, equal to the required contributions for each year. The School District's share of TPAF for normal contributions, post-retirement medical benefits and life insurance premiums for the years ending June 30, 2016, 2015, and 2014, were \$503,564, \$422,277, and \$332,983, respectively, paid by the State of New Jersey on behalf of the Board, equal to the required contributions for each year.

Also, in accordance with NJSA 18A:66-66, the State of New Jersey reimbursed the District for the years ending June 30, 2016, 2015, and 2014; \$190,809, \$204,800, and \$214,586, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

The Board's total payroll for the years ending June 30, 2016, 2015, and 2014, were \$3,647,613, \$3,774,339, and \$3,792,555; covered payroll was \$2,670,545, \$2,865,424, and \$2,974,369 for TPAF and \$510,579, \$484,482, and \$437,154 for PERS.

For the year ended June 30, 2016, the District recognized pension expense of \$37,170. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 146,016	
Net difference between expected and actual experience	33,956	
Net difference between projected and actual earnings on pension plan investments		\$ 5,258
Changes in proportion and differences between District contributions and proportionate share of contributions		71,756
District contributions subsequent to the measurement date	54,512	
	\$ 234,484	\$ 77,014

\$54,512 reported as deferred outflows of resources related to pensions, resulting from school district contributions, subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: PENSION FUNDS (CONTINUED)

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

Year Ended June 30,	Amount
2017	\$ 16,315
2018	16,315
2019	16,315
2020	33,941
2021	20,072
Thereafter	0
	<u>\$ 102,958</u>

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

	June 30, 2014	June 30, 2015
Collective deferred outflows of resources	\$ 952,194,675	\$ 3,578,755,666
Collective deferred inflows of resources	1,479,224,662	993,410,455
Collective net pension liability	<u>18,722,735,003</u>	<u>22,447,996,119</u>
District's proportion	0.0063188878%	0.0063405820%

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 provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (NJAC 43:15C-1 et. seq.). 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 provision are established by NJSA 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. 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, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contributes amounts for each pay period 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 for the years ending June 30, 2016, 2015, and 2014, were \$3,625, \$5,177, and \$4,625, for covered employees. The District also contributed for life and disability insurance.

NOTE 9: LABOR CONTRACTS

As of June 30, 2016, the District's teachers, school nurses, LDT-C, social workers, guidance counselors, and psychologists are organized in the Alloway Education Association collective bargaining unit which expired June 30, 2016.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 10: DEFERRED COMPENSATION

The Board offers its employees a choice of various 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:

Voya	Lincoln Investment Planning, Inc.
Equitable Life Insurance	MetLife

NOTE 11: POST-EMPLOYMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the state contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

NOTE 12: COMPENSATED ABSENCES

The District accounts for compensated absences using the termination method (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 that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 12: COMPENSATED ABSENCES (CONTINUED)

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. The District's policy permits employees to accumulate sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with District's agreements with the various employee unions. The District uses the vesting method to record the liability.

For the District-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components; (1) the amount due within one year and (2) the amount due in more than one year. The liability for compensated absences in the Governmental Fund at June 30, 2016, is \$146,518. The liability for compensated absences in the Food Service Fund at June 30, 2016, is \$3,855.

NOTE 13: EMPLOYEE BENEFITS

The District established and maintains a cafeteria plan for health benefits required by NJSA 18A:16-19.1 as amended by P.L. 2011, c.78, s.51. The District entered into a pre-tax benefits plan with AFLAC. The medical care reimbursement plan maximum amount for tenured staff as of July 1, 2011, was \$1,000 and \$525 for non-tenured staff.

NOTE 14: RISK MANAGEMENT

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

Property and Liability Insurance:

The District maintains commercial insurance coverage for property, liability, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section (Exhibit J-20) of this Comprehensive Annual Financial Report. During the fiscal year ended June 30, 2016, the District did not incur claims in excess of their coverage.

The District is a member of the New Jersey School Boards Association Insurance Group - ERIC – South. The purpose of this is to permit member Boards of Education to make use of their powers and resources by cooperating on a basis that will be of mutual advantage and to provide a procedure for development, administration, and provision of Risk Management Programs, a Joint Self Insurance Fund, Joint Insurance Purchases and related services for members and their employees for the following:

- Workers Compensation and Employers Liability
- Automobile and Equipment Liability
- General Liability and Property Damage
- School Board Legal Liability
- Boiler and Machinery

NOTE 15: FUND BALANCE APPROPRIATED

Restrictions of fund balances of Governmental Funds are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 15: FUND BALANCE APPROPRIATED (CONTINUED)

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available, unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District does not have a formal fund balance spending policy therefore the default spending order requires committed, assigned, and then unassigned to be used/spent first when expenditures are made.

The District follows the State of New Jersey's minimum fund balance policy for New Jersey Public School Districts (NJSA 18A:7F-7). Pursuant to that policy, an undesignated fund balance of 2% of the General Fund budget or \$250,000, whichever is greater may be maintained.

Specific classifications of fund balance are summarized below:

Non-Spendable Fund Balance - The District had no non-spendable fund balance at June 30, 2016.

Restricted Fund Balance:

Capital Reserve Account - Of the \$545,899 balance in the capital reserve account at June 30, 2016, \$0 has been designated for utilization in the 2016-2017 budget. These funds are restricted for future capital outlay expenditures for projects in the School District's long range facilities plan.

Maintenance Reserve Account - Of the \$5,000 balance in the maintenance reserve account at June 30, 2016, \$5,000 has been designated for utilization in the 2016-2017 budget. These funds are restricted for required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (NJSA 18A:7G-9) as amended by P.L. 2004, c.73 (S1701).

Excess Surplus - At June 30, 2016, excess surplus created in FY 2015 of \$0 will be utilized for expenditures in the 2016-2017 budget, the no excess surplus created in FY 2016 is \$170,692 which will be utilized in the 2017-2018 budget.

Debt Service Fund - At June 30, 2016, there was \$9,675 fund balance, \$9,675 will be utilized for expenditures in the 2016-2017 budget.

Committed Fund Balance - The District had no fund balance at June 30, 2016.

Assigned Fund Balance - At June 30, 2016, the District has assigned \$177,735 of general fund balance to expenditures in the 2016-2017 budget. \$39,996 was assigned for other purposes as of the year-end. This represents encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by District officials.

Unassigned Fund Balance - At June 30, 2016, the District has (\$28,010) of unassigned fund balance in the General Fund.

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 16: CALCULATION OF EXCESS SURPLUS

The designation of Reserve Fund Balance - Excess surplus is a required calculation pursuant NJSA 18A:7F-7, as amended. New Jersey School Districts are required to reserve General Fund, fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016, is \$170,692.

NOTE 17: DEFICIT FUND BALANCES

The District has a deficit fund balance of \$28,010 (Exhibit B-1) in the General Fund as of June 30, 2016, as reported in the fund statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, 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. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one Government recognizes an asset, the other Government recognizes a liability.

Since the state is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payments on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payments, the General Fund balance deficit does not alone indicate that the District is facing financial difficulties.

Pursuant to NJSA 18A:22-44.2, any negative unassigned general fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP statements of \$28,010 is less than the last state aid payments.

NOTE 18: ECONOMIC DEPENDENCY

The District is heavily reliant on state aid and local tax levy to fund the District operations. State sources funded approximately 48% of the District's 2015-2016 Governmental Fund revenue, while local tax levy accounted for approximately 48%.

NOTE 19: OPERATING LEASES

The District has commitments to lease copy machines under non-cancelable operating leases spanning 48 months. Monthly payments range from \$92-\$473 a month per machine. Total lease payments made during the year ended June 30, 2016, amounted to \$10,607. Future minimum lease payments are as follows:

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 19: OPERATING LEASES (CONTINUED)

<u>June 30,</u>	<u>Amount</u>
2017	\$ 9,283
2018	6,783
2019	6,783
2020	565
	<u>\$ 23,414</u>

NOTE 20: INTERFUND RECEIVABLES AND PAYABLES

There were no interfund balances remaining on the balance sheet at June 30, 2016.

NOTE 21: COMMITMENTS AND CONTINGENCIES

The School District participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures. It is the opinion of the administration and legal counsels, that there exists no litigation or contingent liability that may be pending against the Alloway Township School District that would have a material or adverse effect on the Board or the financial position of the District.

NOTE 22: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2016 and September 2, 2016, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 3,698,284		\$ 3,698,284	\$ 3,698,284	
Tuition individuals				5,200	\$ 5,200
Tuition from LEA's				7,193	7,193
Transportation from LEA's				1,722	1,722
Interest on investments	8,000		8,000	2,410	(5,590)
Interest on capital reserve funds	8,000		8,000	3,819	(4,181)
Miscellaneous		\$ 2,570	2,570	5,071	2,501
Total - local sources	3,714,284	2,570	3,716,854	3,723,699	6,845
State sources:					
Equalization aid	3,016,688		3,016,688	3,016,688	
Transportation aid	290,690		290,690	290,690	
Special education aid	324,976		324,976	324,976	
Under adequacy aid	3,706		3,706	3,706	
Security aid	44,007		44,007	44,007	
Adjustment aid	29,304		29,304	29,304	
PARCC readiness aid	5,170		5,170	5,170	
Per pupil growth aid	5,170		5,170	5,170	
Extraordinary aid				76,880	76,880
Nonpublic transportation costs				1,218	1,218
Teachers' Pension & Annuity Fund - (on-behalf non-budgeted)				229,862	229,862
TPAF post-retirement medical (on-behalf non-budgeted)				273,702	273,702
Reimbursed TPAF social security contributions (non-budgeted)				190,809	190,809
Total - state sources	3,719,711		3,719,711	4,492,182	772,471
Total revenues	7,433,995	2,570	7,436,565	8,215,881	779,316

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current expense:					
Regular programs - instruction:					
Salaries of teachers:					
Preschool	73,371		73,371	71,685	1,686
Kindergarten	179,515		179,515	176,999	2,516
Grades 1-5	834,938	(20,500)	814,438	783,791	30,647
Grades 6-8	530,757	(16,000)	514,757	512,874	1,883
Regular programs - home instruction:					
Salaries of teachers	1,400	460	1,860	1,860	
Purchased professional - education services	2,500	1,540	4,040	3,744	296
Regular programs - undistributed instruction:					
Other salaries for instruction	19,420	1,000	20,420	19,674	746
Purchased professional - education services	500		500		500
Purchased technical services	15,550		15,550	14,903	647
Other purchased services (400-500 series)	45,519	1,000	46,519	45,574	945
General supplies	93,332	(2,000)	91,332	85,935	5,397
Textbooks	800		800		800
Miscellaneous expenditures	3,900		3,900	2,640	1,260
Total regular programs	1,801,502	(34,500)	1,767,002	1,719,679	47,323
Special education - instruction:					
Resource room					
Salaries of teachers	310,909	2,000	312,909	311,594	1,315
Other salaries for instruction	81,334	(2,000)	79,334	56,219	23,115
General supplies	5,885		5,885	5,169	716
Total resource room	398,128		398,128	372,982	25,146
Total special education	398,128		398,128	372,982	25,146
Basic skills/remedial					
Salaries of teachers	158,382	(30,934)	127,448	127,373	75
General supplies	1,479	(315)	1,164	728	436
Total basic skills/remedial	159,861	(31,249)	128,612	128,101	511
School sponsored co-curricular activities					
Salaries	33,000		33,000	29,899	3,101
Total school sponsored co-curricular activities	33,000		33,000	29,899	3,101
Total other instructional programs	192,861	(31,249)	161,612	158,000	3,612
Total - instruction	2,392,491	(65,749)	2,326,742	2,250,661	76,081

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed expenditures:					
Instruction:					
Tuition to other LEA's within state - regular	2,075,914	2,000	2,077,914	2,077,894	20
Tuition to other LEA's within state - special	117,236		117,236	117,236	
Tuition to county vocational school - regular	82,500	(800)	81,700	70,089	11,611
Tuition to county special services district/ regional day schools	171,239	(42,200)	129,039	95,463	33,576
Tuition to private schools for the handicapped - state	124,629	20,000	144,629	133,901	10,728
Total undistributed expenditures - instruction	2,571,518	(21,000)	2,550,518	2,494,583	55,935
Attendance and social work services					
Salaries	4,510		4,510	4,510	
Purchased professional/technical services	1,000		1,000		1,000
Total attendance and social work services	5,510		5,510	4,510	1,000
Health services					
Salaries	75,035	(3,000)	72,035	63,110	8,925
Purchased professional/technical services	5,685		5,685	4,892	793
Supplies and materials	2,310		2,310	1,779	531
Total health services	83,030	(3,000)	80,030	69,781	10,249
Related services					
Purchased professional - education services	93,800	(12,000)	81,800	76,215	5,585
Supplies and materials	600		600		600
Total related services	94,400	(12,000)	82,400	76,215	6,185
Extraordinary services					
Other salaries for instruction	35,160	(2,800)	32,360	32,350	10
Purchased educational services	27,240	82,950	110,190	109,569	621
Supplies and materials	500	1,000	1,500	1,498	2
Total extraordinary services	62,900	81,150	144,050	143,417	633
Other support services - guidance services					
Salaries of other professional staff	60,105		60,105	60,105	
Supplies and materials	1,050		1,050	211	839
Total other support services - guidance services	61,155		61,155	60,316	839

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other support services - child study team					
Salaries of other professional staff	96,913	(375)	96,538	96,538	
Salaries of secretarial and clerical	6,488	(3,725)	2,763	840	1,923
Other purchased professional-tech. services	4,000	2,700	6,700	6,700	
Miscellaneous purchased services	500		500	113	387
Supplies and materials	2,120		2,120	1,921	199
Total other support services - child study team	110,021	(1,400)	108,621	106,112	2,509
Improvement of instructional services/other support services - instructional staff					
Salaries of professional staff	3,000		3,000		3,000
Total improvement of instructional services/ other support services - instructional staff	3,000		3,000		3,000
Educational media services/school library					
Salaries	38,029	300	38,329	38,205	124
Other purchased services	2,800		2,800	2,131	669
Supplies and materials	5,860	2,270	8,130	3,930	4,200
Total educational media services/school library	46,689	2,570	49,259	44,266	4,993
Instructional staff training					
Salaries of other professional staff	500		500		500
Purchased professional - education services	695		695		695
Other purchased services	4,935	(1,000)	3,935	152	3,783
Supplies and material		1,000	1,000		1,000
Total instructional staff training	6,130		6,130	152	5,978
Support services general administration					
Salaries	113,779		113,779	113,742	37
Legal services	15,000		15,000	10,127	4,873
Audit services	11,800	(600)	11,200	10,600	600
Other professional services	8,500		8,500	7,313	1,187
Communications/telephone	10,200		10,200	9,006	1,194
Other purchased services (400-500 series)	27,463	1,201	28,664	27,299	1,365
Supplies and materials	800		800	533	267
BOE training/meeting supplies	500	(200)	300	182	118
Miscellaneous expenditures	1,100		1,100	932	168
BOE member dues	4,800		4,800	4,516	284
Total support services general administration	193,942	401	194,343	184,250	10,093
Support services school administration					
Salaries of principals/assistant principals	92,076		92,076	92,076	
Salaries of secretarial and clerical assistants	45,136	2,100	47,236	46,701	535
Other purchased services (400-500 series)	650		650	524	126
Supplies and materials	1,200		1,200	705	495
Other objects	1,100		1,100	1,000	100
Total support services school administration	140,162	2,100	142,262	141,006	1,256

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Central services					
Salaries	163,987	(3,250)	160,737	148,434	12,303
Purchased technical services	9,100	2,005	11,105	10,780	325
Other purchased services (400-500 series)	3,100	(255)	2,845	1,935	910
Supplies and materials	2,000		2,000	1,515	485
Miscellaneous expenditures	1,200		1,200	1,090	110
Total central services	179,387	(1,500)	177,887	163,754	14,133
Administration information technology					
Salaries	2,936		2,936	2,575	361
Total information technology	2,936		2,936	2,575	361
Required maintenance for school facilities					
Salaries	29,880		29,880	29,874	6
Cleaning, repair, and maintenance services	38,440	4,300	42,740	40,907	1,833
Total required maintenance for school facilities	68,320	4,300	72,620	70,781	1,839
Custodial services					
Salaries non-instructional aides	12,144	(4,850)	7,294	3,741	3,553
Other salaries	113,354	550	113,904	113,514	390
Purchased professional and technical services	6,020	3,000	9,020	7,142	1,878
Cleaning, repair and maintenance services	20,200		20,200	18,534	1,666
Other purchased property services	34,000		34,000	32,672	1,328
Insurance	25,012	(2,000)	23,012	22,236	776
Miscellaneous purchased services	2,100		2,100	1,075	1,025
General supplies	21,000		21,000	19,195	1,805
Energy - electricity	88,000		88,000	87,234	766
Energy - oil	60,000	(7,000)	53,000	22,798	30,202
Total other operation and maintenance of plant services	381,830	(10,300)	371,530	328,141	43,389
Total operation and maintenance of plant services	450,150	(6,000)	444,150	398,922	45,228
Student transportation services					
Salaries - non-instructional aides	7,963		7,963	5,991	1,972
Aid in lieu - non-public	13,260	(7,000)	6,260	6,211	49
Aid in lieu - choice	2,652		2,652	1,348	1,304
Contracted services (between home and school) - vendors	293,072	(21,100)	271,972	270,917	1,055
Contracted services (other than between home and school) - vendors	17,000		17,000	15,283	1,717
Contracted services (regular students) - joint agreements	12,900	13,500	26,400	26,296	104
Contracted services (special education students) - joint agreements	2,000	4,900	6,900	6,854	46
Contracted services (regular students) - ESC and CTSA	38,509	(4,950)	33,559	33,548	11
Contracted services (special education students) - ESC and CTSA	94,780	28,450	123,230	123,197	33
Total student transportation services	482,136	13,800	495,936	489,645	6,291

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated benefits					
Social security contributions	53,000		53,000	48,099	4,901
Other retirement contributions - regular	68,000		68,000	58,338	9,662
Unemployment compensation	15,000		15,000	12,981	2,019
Workers' compensation	38,060		38,060	36,219	1,841
Health benefits	677,278	(27,602)	649,676	600,661	49,015
Tuition reimbursement	10,000		10,000	1,194	8,806
Other employee benefits	42,435	13,800	56,235	55,765	470
Total unallocated benefits	903,773	(13,802)	889,971	813,257	76,714
Teachers' Pension & Annuity Fund - (on-behalf non-budgeted)				229,862	(229,862)
TPAF post-retirement medical (on-behalf non-budgeted)				273,702	(273,702)
Reimbursed TPAF social security contributions (non-budgeted)				190,809	(190,809)
Total non-budgeted				694,373	(694,373)
Total undistributed expenditures	5,396,839	41,319	5,438,158	5,887,134	(448,976)
Total expenditures - current expense	7,789,330	(24,430)	7,764,900	8,137,795	(372,895)
CAPITAL OUTLAY:					
Equipment:					
Undistributed expenditures					
Instructional equipment	8,727		8,727	6,483	2,244
Required maintenance	10,000	17,000	27,000	21,410	5,590
Custodial services	11,000	(11,000)			
Student transportation - school bus special		21,000	21,000		21,000
Total equipment	29,727	27,000	56,727	27,893	28,834
Facilities acquisition and construction services					
Debt service assessment of SDA funding	35,593		35,593	35,593	
Total facilities acquisition and construction services	35,593		35,593	35,593	
Total capital outlay	65,320	27,000	92,320	63,486	28,834
Total expenditures	7,854,650	2,570	7,857,220	8,201,281	(344,061)

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other financing sources (uses):					
Operating transfers:					
Transfer from internal service fund				73,334	
Transfer to food service - board contribution	(12,000)		(12,000)	(12,000)	
Total other financing sources (uses)	<u>(12,000)</u>		<u>(12,000)</u>	<u>61,334</u>	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(432,655)</u>		<u>(432,655)</u>	75,934	1,123,377
Fund balances - July 1	<u>1,191,486</u>		<u>1,191,486</u>	<u>1,191,486</u>	
Fund balances - June 30	<u>\$ 758,831</u>		<u>\$ 758,831</u>	<u>\$ 1,267,420</u>	<u>\$ 1,123,377</u>
Recapitulation:					
Restricted fund balance:					
Capital reserve				\$ 545,899	
Maintenance reserve				5,000	
Excess surplus - current year				170,692	
Assigned fund balance:					
Year-end encumbrances				39,996	
Designated for subsequent year's expenditures				177,735	
Unassigned fund balance				<u>328,098</u>	
				1,267,420	
Reconciliation to Governmental Fund Statements (GAAP):					
Last state aid payment not recognized on GAAP basis				<u>(356,108)</u>	
Fund balance per Governmental Funds (GAAP)				<u>\$ 911,312</u>	

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 224,394	\$ 22,987	\$ 247,381	\$ 247,381	
Local sources	2,475		2,475	2,475	
Total revenues	<u>\$ 226,869</u>	<u>\$ 22,987</u>	<u>\$ 249,856</u>	<u>\$ 249,856</u>	
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ 61,177		\$ 61,177	\$ 61,177	
Other salaries for instruction	76,923	\$ 21,353	98,276	98,276	
Purchased professional - technical services	19,106		19,106	19,106	
Total instruction	<u>157,206</u>	<u>21,353</u>	<u>178,559</u>	<u>178,559</u>	
Support services:					
Salaries of secretarial and clerical assistants	18,450		18,450	18,450	
Personal services - employee benefits	21,826	1,634	23,460	23,460	
Purchased professional - educational services	12,000		12,000	12,000	
Purchased professional - technical services	4,500	(3,950)	550	550	
Other purchased services (400-500 series)	10,412	2,947	13,359	13,359	
Supplies and materials	2,475	1,003	3,478	3,478	
Total support services	<u>69,663</u>	<u>1,634</u>	<u>71,297</u>	<u>71,297</u>	
Total expenditures	<u>\$ 226,869</u>	<u>\$ 22,987</u>	<u>\$ 249,856</u>	<u>\$ 249,856</u>	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Required Supplementary Information
 Budget-to-GAAP Reconciliation -
 Note to RSI
 For the Fiscal Year Ended June 30, 2016

Note A: Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures.

	General Fund N-1	Special Revenue Fund
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	[C-1] \$ 8,215,881	[C-2] \$ 249,856
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	347,916	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	(356,108)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - Governmental Funds.	[B-2] \$ 8,207,689	[B-2] \$ 249,856
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	[C-1] \$ 8,201,281	[C-2] \$ 249,856
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - Governmental Funds.	[B-2] \$ 8,201,281	[B-2] \$ 249,856

REQUIRED SUPPLEMENTARY INFORMATION - PART III

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS
 Last Three Fiscal Years

	Fiscal Year Ended		
	FY 2016	FY 2015	FY 2014
District's proportion of the net pension liability (asset)	0.0063405820%	0.0063188878%	0.0070555330%
District's proportionate share of the net pension liability (asset)	\$ 1,423,334	\$ 1,183,069	\$ 1,348,453
District's covered-employee payroll	510,579	484,482	502,850
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	278.77%	244.19%	268.16%
Plan fiduciary net position as a percentage of the total pension liability	47.92%	52.08%	48.72%

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Schedule of District Contributions - PERS
 Last Three Fiscal Years

	Fiscal Year Ended		
	FY 2016	FY 2015	FY 2014
Contractually required contribution	\$ 54,512	\$ 52,092	\$ 53,162
Contributions in relation to the contractually required contribution	(54,512)	(52,092)	(53,162)
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>
District's covered-employee payroll	\$ 510,579	\$ 484,482	\$ 502,850
Contributions as a percentage of covered-employee payroll	10.68%	10.75%	10.57%

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF
 Last Three Fiscal Years

Teacher's Pension and Annuity Fund
 Special Funding Situation

	FY 2016	Fiscal Year Ended FY 2015	FY 2014
District's proportion of the net pension liability (asset)	0.0301862655%	0.0298195343%	0.0297634005%
District's proportionate share of the net pension liability (asset)	\$ 19,079,009	\$ 15,937,571	\$ 15,042,189
District's covered-employee payroll	2,670,545	3,099,500	3,038,474
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	714.42%	514.20%	495.06%
Plan fiduciary net position as a percentage of the total pension liability.	28.71%	33.64%	33.76%

The data in the above schedule represents the allocation of the State of New Jersey's obligation on behalf of the District.

The Teachers' Pension and Annuity Fund (TPAF) On-behalf Payments is a Cost Sharing, Multi-Employer Defined Benefit Plan with a Special Funding Situation – 100% Legal Obligation of the State of New Jersey (State).

Since the State is the only entity with a legal obligation, the District's proportionate share percentage determined under paragraph 48 of GASB No. 68 is zero percent. Accordingly, the District did not recognize any portion of the TPAF collective net pension liability on the Statement of Net Position (A-1). Also on the A-1, and for the same reasons, the District did not recognize any portion of TPAF collective deferred outflows of resources and TPAF deferred inflows of resources.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

NOTE 1: CONTRIBUTIONS

The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The District's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

NOTE 2: ACTUARIAL ASSUMPTIONS

The total pension liability for the June 30, 2015, measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014, measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	3.04%
Salary increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment rate of return	7.90%

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

The actuarial assumptions used in the July 1, 2013, valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at: <http://www.nj.gov/treasury/pensions/employer-home.shtml>.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2016

	Total Brought Forward Ex. E-1a	IDEA Basic Part B	IDEA Preschool	Totals	
				FY 2016	FY 2015
REVENUES:					
Federal sources	\$ 144,871	\$ 98,918	\$ 3,592	\$ 247,381	\$ 175,254
Local sources	2,475			2,475	4,572
Total revenues	147,346	98,918	3,592	249,856	179,826
EXPENDITURES:					
Instruction:					
Salaries of teachers	61,177			61,177	16,185
Other salaries for instruction	50,396	47,880		98,276	80,560
Purchased professional technical services		15,514	3,592	19,106	3,521
Other purchased services (400-500 series)					224
Total instruction	111,573	63,394	3,592	178,559	100,490
Support services:					
Salaries of secretarial and clerical assistants		18,450		18,450	17,912
Personal services - employee benefits	18,386	5,074		23,460	8,739
Purchased professional - educational services		12,000		12,000	31,878
Purchased professional - technical services	550			550	3,000
Other purchased services (400-500 series)	13,359			13,359	15,042
Total support services	35,773	35,524		71,297	76,571
Facilities acquisition and construction services					
Non-instructional equipment					2,765
Total facilities acquisition and construction services					2,765
Total expenditures	\$ 147,346	\$ 98,918	\$ 3,592	\$ 249,856	\$ 179,826

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	Title I Part A	Title II, Part A Teacher & Principal Training & Recruiting	Rural Education Achievement Program	NJ School Business Administrator's Safety Grant	Total Carried Forward
REVENUES:					
Federal sources	\$ 104,068	\$ 17,816	\$ 22,987		\$ 144,871
Local sources				\$ 2,475	2,475
Total revenues	104,068	17,816	22,987	2,475	147,346
EXPENDITURES:					
Instruction:					
Salaries of teachers	55,177	6,000			61,177
Other salaries for instruction	29,043		21,353		50,396
Total instruction	84,220	6,000	21,353		111,573
Support services:					
Salaries of secretarial and clerical assistants					
Personal services - employee benefits	16,293	459	1,634		18,386
Purchased professional - technical services		550			550
Other purchased services (400-500 series)	3,555	9,804			13,359
Supplies and materials		1,003		2,475	3,478
Total support services	19,848	11,816	1,634	2,475	35,773
Total expenditures	\$ 104,068	\$ 17,816	\$ 22,987	\$ 2,475	\$ 147,346

CAPITAL PROJECTS FUND

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 June 30, 2016

Project Title/Issue	Original Date	Revised Budgetary Appropriation	GAAP		Unexpended Appropriation June 30, 2016
			Prior Years	Expenditures to Date Current Year	
Roof Replacement	01/06/14	\$ 405,409	\$ 43,659	\$ 359,546	\$ 2,204
Security Vestibule	06/21/14	65,525	9,310	34,662	21,553
		<u>\$ 470,934</u>	<u>\$ 52,969</u>	<u>\$ 394,208</u>	<u>\$ 23,757</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budgetary Basis
 For the Fiscal Year Ended June 30, 2016

OPERATING EXPENSES:

Purchased professional and technical services	\$ 3,444
Construction services	390,764
	<hr/>
Total expenses	394,208
	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(394,208)
	<hr/>
Fund balance - beginning	417,965
	<hr/>
Fund balance - ending	\$ 23,757
	<hr/> <hr/>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Roof Replacement
 from Inception and for the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Transfer from Capital reserve	\$ 222,613		\$ 222,613	\$ 222,613
State Sources: SDA Grant	182,796		182,796	182,796
	<u>405,409</u>		<u>405,409</u>	<u>405,409</u>
Expenditures and other financing uses				
Purchased professional and technical services	21,895	\$ 2,456	24,351	28,575
Construction services	21,764	357,090	378,854	376,834
	<u>43,659</u>	<u>359,546</u>	<u>403,205</u>	<u>405,409</u>
Excess (deficiency) or revenues over (under) expenditures	<u>361,750</u>	<u>(359,546)</u>	<u>2,204</u>	
Additional project information:				
Project number	0060-020-14G2NF			
Grant date	01/06/14			
Bond authorization date	08/19/14			
Bonds authorized				
Bonds issued				
Original authorized cost	\$ 405,409			
Additional authorized cost	None			
Revised authorized cost	405,409			
Percentage increase over original authorized cost	0%			
Percentage completion	30%			
Original target completion date	6/30/2015			
Revised target completion date	7/31/2015			

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Security Vestibule
 from Inception and for the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Transfer from Capital reserve	\$ 36,152		\$ 36,152	\$ 36,152
State Sources: SDA Grant	29,373		29,373	29,373
	<u>65,525</u>		<u>65,525</u>	<u>65,525</u>
Expenditures and other financing uses				
Purchased professional and technical services	9,310	\$ 988	10,298	10,298
Construction services		33,674	33,674	56,215
	<u>9,310</u>	<u>34,662</u>	<u>43,972</u>	<u>66,513</u>
Excess (deficiency) or revenues over (under) expenditures	<u>56,215</u>	<u>(34,662)</u>	<u>21,553</u>	
Additional project information:				
Project number			0060-020-141002-G04	
Grant date			06/21/14	
Bond authorization date			n/a	
Bonds authorized			n/a	
Bonds issued			n/a	
Original authorized cost	\$ 65,525			
Additional authorized cost			None	
Revised authorized cost			65,525	
Percentage increase over original authorized cost			0%	
Percentage completion			0%	
Original target completion date			8/31/2015	
Revised target completion date			8/31/2015	

PROPRIETARY FUNDS

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Net Position
For the Fiscal Year Ended June 30, 2016

	Major Funds			
	Business-type Activities			
	Food Service Fund	Other Funds	Totals FY 2016	FY 2015
ASSETS				
Current assets:				
Cash and cash equivalents		\$ 7,365	\$ 7,365	\$ 8,624
Accounts receivable:				
State	\$ 47	53	100	768
Federal	1,320		1,320	1,950
Other		280	280	549
Inventory	1,366		1,366	1,504
Total current assets	2,733	7,698	10,431	13,395
Noncurrent assets:				
Furniture, machinery & equipment	55,595		55,595	69,387
Less: accumulated depreciation	(35,847)		(35,847)	(57,508)
Total non-current assets	19,748		19,748	11,879
Total assets	22,481	7,698	30,179	25,274
LIABILITIES				
Cash overdraft	9,152		9,152	3,323
Unearned income		3,551	3,551	4,707
Compensated absences	3,855		3,855	3,585
Total liabilities	13,007	3,551	16,558	6,908
NET POSITION				
Invested in capital assets net of related debt	19,748		19,748	11,879
Unrestricted	(10,274)	4,147	(6,127)	1,780
Total net position	\$ 9,474	\$ 4,147	\$ 13,621	\$ 13,659

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2016

	Major Funds		Totals	
	Business-type Activities		FY 2016	FY 2015
	Food Service Fund	Other Funds		
OPERATING REVENUES:				
Local sources:				
Daily sales-reimbursable programs	\$ 46,875		\$ 46,875	\$ 45,681
Daily sales special milk program	348		348	186
Daily sales non-reimbursable programs	29,767		29,767	29,562
Community service activities		\$ 77,309	77,309	84,938
Total operating revenue	76,990	77,309	154,299	160,367
OPERATING EXPENSES:				
Salaries	59,695	64,638	124,333	134,117
Employee benefits	15,351	6,495	21,846	20,857
Purchased professional - technical services	3,740		3,740	4,445
Other purchased services		700	700	1,954
Supplies and materials	290	3,410	3,700	5,244
Cost of sales	61,147		61,147	59,691
Miscellaneous other expenses	193	3,037	3,230	5,512
Depreciation	1,511		1,511	657
Total operating expenses	141,927	78,280	220,207	232,477
Operating income (loss)	(64,937)	(971)	(65,908)	(72,110)
NON-OPERATING REVENUES:				
State sources:				
National school lunch program - state	1,191		1,191	1,238
Federal sources:				
National school lunch program	31,540		31,540	30,289
Special milk program	285		285	214
Food distribution program	11,474		11,474	7,560
Loss on disposal of assets	(1,220)		(1,220)	
Capital asset contribution	10,600		10,600	8,173
Total non-operating revenues (expenses)	53,870		53,870	47,474
Income (loss) before operating transfers	(11,067)	(971)	(12,038)	(24,636)
Board contribution	12,000		12,000	22,500
Net income (loss)	933	(971)	(38)	(2,136)
Total net position - July 1	8,541	5,118	13,659	15,795
Total net position - June 30	\$ 9,474	\$ 4,147	\$ 13,621	\$ 13,659

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2016

	Major Funds		Totals	
	Business-type Activities		FY 2016	FY 2015
	Food Service Fund	Other Funds		
Cash flows from operating activities:				
Receipts from customers	\$ 76,990	\$ 77,021	\$ 154,011	\$ 164,893
Payments to suppliers	(53,758)	(7,147)	(60,905)	(69,204)
Payments to employees	(59,425)	(64,638)	(124,063)	(133,667)
Payments for employee benefits	(15,351)	(6,495)	(21,846)	(20,857)
Net cash provided (used) by operating activities	<u>(51,544)</u>	<u>(1,259)</u>	<u>(52,803)</u>	<u>(58,835)</u>
Cash flows from non-capital financing activities:				
Cash received from state & federal reimbursements	33,715		33,715	32,081
Board contribution	12,000		12,000	22,500
Net cash provided by non-capital financing activities	<u>45,715</u>		<u>45,715</u>	<u>54,581</u>
Net increase in cash and cash equivalents	(5,829)	(1,259)	(7,088)	(4,254)
Cash and cash equivalents - July 1	(3,323)	8,624	5,301	9,555
Cash and cash equivalents - June 30	<u>\$ (9,152)</u>	<u>\$ 7,365</u>	<u>\$ (1,787)</u>	<u>\$ 5,301</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (64,937)	\$ (971)	\$ (65,908)	\$ (72,110)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	1,511		1,511	657
Food distribution program	11,474		11,474	7,560
Change in assets and liabilities:				
(Increase) decrease in accts. receivable		868	868	(181)
(Increase) decrease in inventory	138		138	82
Increase (decrease) in deferred revenue		(1,156)	(1,156)	4,707
Increase (decrease) in compensated absences	270		270	450
	<u>\$ (51,544)</u>	<u>\$ (1,259)</u>	<u>\$ (52,803)</u>	<u>\$ (58,835)</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Internal Service Fund
 Combining Schedule of Net Position
 For the Fiscal Year Ended June 30, 2016

	Business-type Activities					Total	
	Food Services	Superintendent	Business Services	Tuition/ Transportation Services	Child Study Team Consortium	FY 2016	FY 2015
	ASSETS						
Current assets:							
Cash and cash equivalents	\$ 65		\$ 2,742		\$ 6,876	\$ 9,683	\$ 71,944
Intergovernmental accounts receivable							46,518
Total assets	<u>\$ 65</u>		<u>\$ 2,742</u>		<u>\$ 6,876</u>	<u>\$ 9,683</u>	<u>\$ 118,462</u>
LIABILITIES AND NET POSITION							
Cash overdraft							\$ 45,127
Net position							
Unrestricted	\$ 65		\$ 2,742		\$ 6,876	\$ 9,683	73,335
Total liabilities and net position	<u>\$ 65</u>		<u>\$ 2,742</u>		<u>\$ 6,876</u>	<u>\$ 9,683</u>	<u>\$ 118,462</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2016

	Business-type Activities					Total	
	Food Services	Superintendent	Business Services	Tuition/ Transportation Services	Child Study Team Consortium	FY 2016	FY 2015
OPERATING REVENUES:							
Local sources:							
Other charges and fees	\$ 7,000	\$ 80,023	\$ 172,000	\$ 57,062	\$ 126,000	\$ 442,085	\$ 492,664
Total operating revenue	7,000	80,023	172,000	57,062	126,000	442,085	492,664
OPERATING EXPENSES:							
Salaries	2,800	68,964	127,104		95,998	294,866	335,744
Employee benefits	4,135	9,602	41,388		23,030	78,155	88,404
Other purchased services (400-500 series)			766	57,062	96	57,924	53,969
Supplies and materials		200				200	1,162
Other objects		1,257				1,257	1,123
Total operating expenses	6,935	80,023	169,258	57,062	119,124	432,402	480,402
Income (loss) before operating transfers	65		2,742		6,876	9,683	12,262
Other financing sources (Uses)							
Transfer to General Fund	(1,960)		(41,308)	(1,391)	(28,676)	(73,335)	
Net changes in net position	(1,895)		(38,566)	(1,391)	(21,800)	(63,652)	12,262
Total net position - July 1	1,960		41,308	1,391	28,676	73,335	61,073
Total net position - June 30	\$ 65		\$ 2,742		\$ 6,876	\$ 9,683	\$ 73,335

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Internal Service Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2016

	Business-type Activities						Total	
	Food Services	Superintendent	Business Services	Tuition/ Transportation Services	Child Study Team Consortium	FY 2016	FY 2015	
	Cash flows from operating activities:							
Receipts from customers	\$ 7,000	\$ 80,023	\$ 172,000	\$ 103,580	\$ 126,000	\$ 488,603	\$ 446,146	
Payments to suppliers		(1,457)	(766)	(57,062)	(96)	(59,381)	(56,254)	
Payments to employees	(2,800)	(68,964)	(127,104)		(95,998)	(294,866)	(335,744)	
Payments for employee benefits	(4,135)	(9,602)	(41,388)		(23,030)	(78,155)	(88,404)	
Net cash provided (used) by operating activities	65		2,742	46,518	6,876	56,201	(34,256)	
Cash flows from non-capital financing activities								
Transfer to General Fund	(1,960)		(41,308)	(1,391)	(28,676)	(73,335)		
Net cash provided by non-capital financing activities	(1,960)		(41,308)	(1,391)	(28,676)	(73,335)		
Net increase in cash and cash equivalents	(1,895)		(38,566)	45,127	(21,800)	(17,134)	(34,256)	
Cash and cash equivalents - July 1	1,960		41,308	(45,127)	28,676	26,817	61,073	
Cash and cash equivalents - June 30	\$ 65		\$ 2,742		\$ 6,876	\$ 9,683	\$ 26,817	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	\$ 65		\$ 2,742		\$ 6,876	\$ 9,683	\$ 12,262	
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:								
Change in assets & liabilities:								
Increase (decrease) in accounts receivable				\$ 46,518		46,518	(46,518)	
	\$ 65		\$ 2,742	\$ 46,518	\$ 6,876	\$ 56,201	\$ (34,256)	

FIDUCIARY FUNDS

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016

	Agency Funds	Total	
		FY 2016	FY 2015
ASSETS			
Cash and cash equivalents	\$ 46,899	\$ 46,899	\$ 50,515
Total assets	<u>\$ 46,899</u>	<u>46,899</u>	<u>\$ 50,515</u>
LIABILITIES			
Due to student groups	\$ 21,023	\$ 21,023	\$ 22,138
Payroll deductions and withholdings	25,876	25,876	28,377
Total liabilities	<u>\$ 46,899</u>	<u>\$ 46,899</u>	<u>\$ 50,515</u>

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

ACTIVITIES	Balance July 1, 2015	Cash Receipts	Cash Disbursements	Balance June 30, 2016
Alloway School	\$ 22,138	\$ 29,516	\$ 30,631	\$ 21,023

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
ASSETS				
Cash and cash equivalents	\$ 28,377	\$ 4,028,058	\$ 4,030,559	\$ 25,876
Total assets	<u>\$ 28,377</u>	<u>\$ 4,028,058</u>	<u>\$ 4,030,559</u>	<u>\$ 25,876</u>
LIABILITIES				
Employees' net pay		\$ 2,184,417	\$ 2,184,417	
Payroll deductions and withholdings	\$ 28,377	1,843,569	1,846,070	\$ 25,876
Interfund payable		72	72	
Total liabilities	<u>\$ 28,377</u>	<u>\$ 4,028,058</u>	<u>\$ 4,030,559</u>	<u>\$ 25,876</u>

LONG-TERM DEBT

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Schedule of Serial Bonds
 June 30, 2016

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2015	Issued	Retired	Balance June 30, 2016
			Date	Amount					
Refunding Bonds of 2014	10/16/14	\$ 2,075,000	3/1/2017-18	\$ 215,000	3.000%				
				210,000	4.000%				
				215,000	2.000%				
				210,000	2.000%				
				205,000	2.500%				
				200,000	2.500%				
				195,000	2.625%				
				195,000	2.625%				
					\$ 2,075,000	None	\$ 215,000	\$ 1,860,000	

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Debt Service Fund Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 248,467		\$ 248,467	\$ 248,467	
Total revenues	<u>248,467</u>		<u>248,467</u>	<u>248,467</u>	
EXPENDITURES:					
Regular debt service:					
Interest	54,463		54,463	54,463	
Redemption of principal	215,000		215,000	215,000	
Total regular debt service	<u>269,463</u>		<u>269,463</u>	<u>269,463</u>	
Total expenditures	<u>269,463</u>		<u>269,463</u>	<u>269,463</u>	
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(20,996)		(20,996)	(20,996)	
Fund balance - July 1	30,671		30,671	30,671	
Fund balance - June 30	<u>\$ 9,675</u>		<u>\$ 9,675</u>	<u>\$ 9,675</u>	

**STATISTICAL SECTION
(Unaudited)**

**ALLOWAY TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION**

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	101-107
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	108-111
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	112-115
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	116-117
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	118-122

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Net Position By Component
 Last Ten Fiscal Years
 For the Fiscal Year Ended June 30, 2016
 Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Invested in capital assets, net of related debt	\$ 3,416,457	\$ 3,962,089	\$ 3,864,183	\$ 3,832,720	\$ 3,774,163	\$ 3,725,471	\$ 3,655,357	\$ 3,655,252	\$ 3,641,137	\$ 4,013,234
Restricted	1,725,416	982,934	1,187,631	1,002,695	1,127,071	1,149,692	938,254	1,384,505	1,436,371	972,754
Unrestricted	33,239	27,971	(181,742)	(188,600)	(122,723)	(105,632)	(156,338)	(182,804)	(1,482,420)	(1,430,774)
Total governmental activities net position	<u>\$ 5,175,112</u>	<u>\$ 4,972,994</u>	<u>\$ 4,870,072</u>	<u>\$ 4,646,815</u>	<u>\$ 4,778,511</u>	<u>\$ 4,769,531</u>	<u>\$ 4,437,273</u>	<u>\$ 4,856,953</u>	<u>\$ 3,595,088</u>	<u>\$ 3,555,214</u>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 12,004	\$ 8,817	\$ 7,223	\$ 5,698	\$ 4,884	\$ 4,710	\$ 4,537	\$ 4,363	\$ 11,879	\$ 19,748
Unrestricted	32,595	36,471	20,774	29,732	18,616	16,648	11,390	13,005	3,740	(6,062)
Total business-type activities net position	<u>\$ 44,599</u>	<u>\$ 45,288</u>	<u>\$ 27,997</u>	<u>\$ 35,430</u>	<u>\$ 23,500</u>	<u>\$ 21,358</u>	<u>\$ 15,927</u>	<u>\$ 17,368</u>	<u>\$ 15,619</u>	<u>\$ 13,686</u>
District-wide:										
Invested in capital assets, net of related debt	\$ 3,428,461	\$ 3,970,906	\$ 3,871,406	\$ 3,838,418	\$ 3,779,047	\$ 3,730,181	\$ 3,659,894	\$ 3,659,615	\$ 3,653,016	\$ 4,032,982
Restricted	1,725,416	982,934	1,187,631	1,002,695	1,127,071	1,149,692	938,254	1,384,505	1,436,371	972,754
Unrestricted	65,834	64,442	(160,968)	(158,868)	(104,107)	(88,984)	(144,948)	(169,799)	(1,478,680)	(1,436,836)
	<u>\$ 5,219,711</u>	<u>\$ 5,018,282</u>	<u>\$ 4,898,069</u>	<u>\$ 4,682,245</u>	<u>\$ 4,802,011</u>	<u>\$ 4,790,889</u>	<u>\$ 4,453,200</u>	<u>\$ 4,874,321</u>	<u>\$ 3,610,707</u>	<u>\$ 3,568,900</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Changes In Net Position
 Last Ten Fiscal Years
 For the Fiscal Year Ended June 30, 2016
 Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EXPENSES:										
Governmental activities:										
Instruction										
Regular	\$ 1,729,868	\$ 1,820,065	\$ 1,795,248	\$ 1,898,691	\$ 1,883,236	\$ 1,842,196	\$ 1,998,727	\$ 1,816,724	\$ 1,770,651	\$ 1,724,878
Special education	406,125	433,369	497,980	505,573	505,399	469,372	504,953	515,937	464,598	551,878
Other special education	67,357	79,193	100,500	98,670	86,247	104,039	164,465	169,305	158,520	128,394
Other instruction	23,611	25,081	25,375	28,881	30,701	29,050	30,215	31,489	30,985	29,269
Support services										
Tuition	1,922,803	2,137,256	2,320,865	2,312,767	2,017,170	2,243,878	2,128,907	2,017,963	2,447,056	2,494,583
Student & instruction and related services	553,592	538,106	492,218	533,778	520,130	585,392	619,037	612,642	632,480	673,395
General administration	285,428	329,863	247,425	245,370	244,751	268,006	270,797	248,738	275,712	281,273
School administrative services	198,213	202,482	135,929	141,964	146,887	152,487	132,697	142,917	124,732	143,006
Central services	136,741	130,421	322,796	347,006	349,543	371,392	368,003	365,370	391,976	323,862
Administrative information technology	906	328	1,680	2,215	599	242	588	2,378	1,697	2,575
Plant operations and maintenance	396,323	427,275	462,664	400,333	427,586	404,053	399,613	457,900	419,411	402,302
Pupil transportation	353,230	366,434	350,322	344,806	336,347	381,786	421,885	410,698	497,998	546,707
Unallocated benefits	1,287,748	1,294,829	1,225,247	1,239,243	1,289,557	1,395,945	1,600,754	1,326,186	1,459,652	1,513,749
Interest on long-term debt	135,640	131,640	126,640	121,640	115,640	109,640	103,640	97,640	92,128	59,708
Capital outlay	2,741		2,533		27,620	16,819	23,083	12,593	43,768	47,530
Unallocated depreciation	169,376	245,459	239,731	230,219	232,016	232,902	236,764	234,426	234,875	247,034
Total Governmental activities expenses	<u>7,669,702</u>	<u>8,161,801</u>	<u>8,347,153</u>	<u>8,451,156</u>	<u>8,213,429</u>	<u>8,607,199</u>	<u>9,004,128</u>	<u>8,462,906</u>	<u>9,046,239</u>	<u>9,170,143</u>
Business-type activities:										
Food service	201,710	209,919	210,494	163,777	157,558	143,559	148,094	152,100	146,010	148,862
Child care	97,193	86,796	86,966	76,174	80,461	78,370	77,362	81,306	92,080	78,280
Total business-type activities expense	<u>298,903</u>	<u>296,715</u>	<u>297,460</u>	<u>239,951</u>	<u>238,019</u>	<u>221,929</u>	<u>225,456</u>	<u>233,406</u>	<u>238,090</u>	<u>227,142</u>
Total District expenses	<u>\$ 7,968,605</u>	<u>\$ 8,458,516</u>	<u>\$ 8,644,613</u>	<u>\$ 8,691,107</u>	<u>\$ 8,451,448</u>	<u>\$ 8,829,128</u>	<u>\$ 9,229,584</u>	<u>\$ 8,696,312</u>	<u>\$ 9,284,329</u>	<u>\$ 9,397,285</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Changes In Net Position
Last Ten Fiscal Years
For the Fiscal Year Ended June 30, 2016
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
PROGRAM REVENUES:										
Governmental activities:										
Charges for services										
Instruction (tuition)	\$ 53,430	\$ 69,500	\$ 62,287	\$ 76,200	\$ 81,500	\$ 129,476	\$ 121,000	\$ 123,500	\$ 126,000	\$ 126,000
General administration	71,516	72,603	76,587	77,956	78,966	81,243	81,165	79,685	78,625	80,023
Business administration & central services	139,960	176,685	182,436	194,354	203,362	210,000	224,300	217,316	229,000	172,000
Plant operations & maintenance			38,600							
Pupil transportation									53,039	57,062
Operating grants and contributions	238,149	224,496	223,363	260,757	301,125	219,628	217,698	192,382	179,826	249,856
Total governmental activities program revenues	<u>503,055</u>	<u>543,284</u>	<u>583,273</u>	<u>609,267</u>	<u>664,953</u>	<u>640,347</u>	<u>644,163</u>	<u>612,883</u>	<u>666,490</u>	<u>684,941</u>
Business-type activities:										
Charges for services										
Food service	159,589	162,013	166,346	117,739	111,148	103,879	95,786	92,532	81,429	83,990
Child care	86,246	87,461	81,195	81,171	77,871	80,491	71,264	85,298	84,938	77,309
Operating grants and contributions	38,079	35,930	41,569	38,474	37,070	35,417	40,838	46,217	47,474	44,490
Total business-type activities program revenues	<u>283,914</u>	<u>285,404</u>	<u>289,110</u>	<u>237,384</u>	<u>226,089</u>	<u>219,787</u>	<u>207,888</u>	<u>224,047</u>	<u>213,841</u>	<u>205,789</u>
Total District program revenue	<u>\$ 786,969</u>	<u>\$ 828,688</u>	<u>\$ 872,383</u>	<u>\$ 846,651</u>	<u>\$ 891,042</u>	<u>\$ 860,134</u>	<u>\$ 852,051</u>	<u>\$ 836,930</u>	<u>\$ 880,331</u>	<u>\$ 890,730</u>
Net (expense) revenue										
Governmental activities	\$(7,166,647)	\$(7,618,517)	\$(7,763,880)	\$(7,841,889)	\$(7,548,476)	\$(7,966,852)	\$(8,359,965)	\$(7,850,023)	\$(8,379,749)	\$(8,485,202)
Business-type activities	(14,989)	(11,311)	(8,350)	(2,567)	(11,930)	(2,142)	(17,568)	(9,359)	(24,249)	(21,353)
Total District-wide net expense	<u>\$(7,181,636)</u>	<u>\$(7,629,828)</u>	<u>\$(7,772,230)</u>	<u>\$(7,844,456)</u>	<u>\$(7,560,406)</u>	<u>\$(7,968,994)</u>	<u>\$(8,377,533)</u>	<u>\$(7,859,382)</u>	<u>\$(8,403,998)</u>	<u>\$(8,506,555)</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Changes In Net Position
Last Ten Fiscal Years
For the Fiscal Year Ended June 30, 2016
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General revenues and other changes in net position										
Governmental activities:										
Property taxes levied for government purposes (net)	\$ 3,064,000	\$ 3,299,020	\$ 3,325,440	\$ 3,325,480	\$ 3,325,480	\$ 3,325,480	\$ 3,390,760	\$ 3,525,085	\$ 3,595,502	\$ 3,698,284
Taxes levied for debt service	235,639	256,640	251,640	271,640	265,640	259,640	253,640	282,640	275,240	248,467
Unrestricted grants and contributions	3,564,408	3,719,437	4,045,455	3,377,230	3,982,331	4,310,771	4,365,143	4,456,919	4,491,334	4,483,990
Federal aid restricted				617,008						
Tuition charges	9,043				29,339	24,413				12,393
Transportation fees					10,310					1,722
Investment earnings	133,248	47,753	21,951	12,961	24,696	26,709	26,882	21,590	22,315	6,229
Gain (loss) on disposal of assets						(1,140)		(5,946)		(788)
Transfers	(8,500)	(12,000)	8,941	(10,000)			(12,137)	(10,800)	(22,500)	(10,040)
Miscellaneous income	12,712	4,916	7,531	24,313	42,376	11,999	3,419	215	51,283	5,071
Total governmental activities	<u>7,010,550</u>	<u>7,315,766</u>	<u>7,660,958</u>	<u>7,618,632</u>	<u>7,680,172</u>	<u>7,957,872</u>	<u>8,027,707</u>	<u>8,269,703</u>	<u>8,413,174</u>	<u>8,445,328</u>
Business-type activities:										
Transfers	8,500	12,000	(8,941)	10,000			12,137	10,800	22,500	10,040
Gain (loss) on disposal of assets										(1,220)
Miscellaneous income	2,741	2,741								10,600
Total business-type activities	<u>11,241</u>	<u>14,741</u>	<u>(8,941)</u>	<u>10,000</u>			<u>12,137</u>	<u>10,800</u>	<u>22,500</u>	<u>19,420</u>
Total District-wide	<u>\$ 7,021,791</u>	<u>\$ 7,330,507</u>	<u>\$ 7,652,017</u>	<u>\$ 7,628,632</u>	<u>\$ 7,680,172</u>	<u>\$ 7,957,872</u>	<u>\$ 8,039,844</u>	<u>\$ 8,280,503</u>	<u>\$ 8,435,674</u>	<u>\$ 8,464,748</u>
Change in net position										
Governmental activities	\$ (156,097)	\$ (302,751)	\$ (102,922)	\$ (223,257)	\$ 131,696	\$ (8,980)	\$ (332,258)	\$ 419,680	\$ 33,425	\$ (39,874)
Business-type activities	(3,748)	3,430	(17,291)	7,433	(11,930)	(2,142)	(5,431)	1,441	(1,749)	(1,933)
Total District	<u>\$ (159,845)</u>	<u>\$ (299,321)</u>	<u>\$ (120,213)</u>	<u>\$ (215,824)</u>	<u>\$ 119,766</u>	<u>\$ (11,122)</u>	<u>\$ (337,689)</u>	<u>\$ 421,121</u>	<u>\$ 31,676</u>	<u>\$ (41,807)</u>

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 For the Fiscal Year Ended June 30, 2016
 Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund:										
Restricted					\$ 1,033,776	\$ 1,070,929	\$ 725,273	\$ 783,296	\$ 690,750	\$ 721,591
Assigned					96,938	78,763	212,981	195,800	296,985	217,731
Unassigned					(45,360)	(26,190)	(35,752)	(87,844)	(144,165)	(28,010)
Reserved	\$ 1,075,755	\$ 898,731	\$ 1,122,786	\$ 982,956						
Unreserved	103,635	86,920	(87,474)	(107,980)						
Total general fund	<u>\$ 1,179,390</u>	<u>\$ 985,651</u>	<u>\$ 1,035,312</u>	<u>\$ 874,976</u>	<u>\$ 1,085,354</u>	<u>\$ 1,123,502</u>	<u>\$ 902,502</u>	<u>\$ 891,252</u>	<u>\$ 843,570</u>	<u>\$ 911,312</u>
All other governmental funds:										
Reserved	\$ 440,273	\$ 12,832	\$ 12,977							
Unreserved, reported in:										
Special revenue fund	(571)	(571)								
Capital projects fund	209,388	71,371	51,868	\$ 19,739	\$ 19,739		\$ 405,409	\$ 417,965	\$ 23,757	
Debt service fund								30,671	9,675	
Total all other governmental funds	<u>\$ 649,090</u>	<u>\$ 83,632</u>	<u>\$ 64,845</u>	<u>\$ 19,739</u>	<u>\$ 19,739</u>		<u>\$ 405,409</u>	<u>\$ 448,636</u>	<u>\$ 33,432</u>	

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Changes in Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES:										
Tax levy	\$ 3,299,639	\$ 3,555,660	\$ 3,577,080	\$ 3,597,120	\$ 3,591,120	\$ 3,585,120	\$ 3,644,400	\$ 3,807,725	\$ 3,870,742	\$ 3,946,751
Tuition charges	9,043				29,339	24,413				12,393
Transportation charges					10,310					1,722
Interest earnings	133,248	47,753	21,951	12,961	24,696	26,709	26,882	21,590	22,315	6,229
Miscellaneous	12,712	5,246	9,060	28,312	48,452	16,269	7,541	215	55,855	7,546
State sources	3,586,579	3,738,992	4,053,095	3,380,675	3,984,775	4,182,543	4,365,143	4,456,919	4,491,334	4,483,990
Federal sources	215,978	204,611	214,194	870,321	292,605	343,586	213,576	192,382	175,254	247,381
Total revenue	<u>7,257,199</u>	<u>7,552,262</u>	<u>7,875,380</u>	<u>7,889,389</u>	<u>7,981,297</u>	<u>8,178,640</u>	<u>8,257,542</u>	<u>8,478,831</u>	<u>8,615,500</u>	<u>8,706,012</u>
EXPENDITURES:										
Instruction:										
Regular	1,730,168	1,811,585	1,795,306	1,899,191	1,871,789	1,842,686	1,978,639	1,822,096	1,781,326	1,719,679
Special	406,805	434,569	498,080	505,933	505,419	469,652	504,481	515,239	467,230	551,541
Other	67,357	76,533	97,300	105,590	85,507	103,799	162,795	168,810	158,273	128,101
School sponsored/other instructional	23,611	25,081	25,375	28,881	30,701	29,050	30,215	31,489	31,165	29,899
Undistributed:										
Instruction	1,922,803	2,137,256	2,320,865	2,312,767	2,017,170	2,243,878	2,128,907	2,017,963	2,447,056	2,494,583
Student & instruction related services	497,917	485,001	443,363	468,803	446,319	471,113	511,651	504,948	511,347	552,606
General administration	150,683	158,970	170,663	167,452	165,785	186,763	189,632	169,053	197,087	184,250
School administration	127,122	129,579	135,779	141,901	146,887	146,637	138,547	132,617	135,032	141,006
Central administration	136,316	129,921	144,287	147,320	150,023	156,029	158,738	163,830	173,268	163,754
Administration information technology	906	328	1,680	2,215	599	242	588	2,378	1,697	2,575
Plant operations & maintenance	395,998	427,275	426,058	400,333	427,836	401,103	402,373	458,065	419,231	398,922
Student transportation	353,230	366,434	350,322	344,806	336,347	381,786	421,885	410,698	446,350	489,645
Unallocated benefits	1,287,748	1,294,829	1,225,247	1,239,243	1,289,557	1,395,945	1,600,754	1,326,186	1,471,737	1,531,090
Debt service expenditures										
Principal	100,000	125,000	125,000	150,000	150,000	150,000	150,000	185,000	185,000	215,000
Interest	135,640	131,640	126,640	121,640	115,640	109,640	103,640	97,640	69,244	54,463
Capital outlay	3,935,324	565,458	19,358	48,756	51,079	52,169	39,733	67,860	112,087	457,694
Total expenditures	<u>11,271,628</u>	<u>8,299,459</u>	<u>7,905,323</u>	<u>8,084,831</u>	<u>7,790,658</u>	<u>8,140,492</u>	<u>8,522,578</u>	<u>8,073,872</u>	<u>8,607,130</u>	<u>9,114,808</u>
Excess (deficiency of revenues over (under) expenditures	<u>(4,014,429)</u>	<u>(747,197)</u>	<u>(29,943)</u>	<u>(195,442)</u>	<u>190,639</u>	<u>38,148</u>	<u>(265,036)</u>	<u>404,959</u>	<u>8,370</u>	<u>(408,796)</u>
Other financing sources (uses)										
Refund of bond issuance costs									9,675	73,334
Transfers from internal service fund			60,817				56,536			(12,000)
Transfers out - food service fund	(8,500)	(12,000)		(10,000)			(12,500)	(10,800)	(22,500)	(12,000)
Total other financing sources (uses)	<u>(8,500)</u>	<u>(12,000)</u>	<u>60,817</u>	<u>(10,000)</u>			<u>44,036</u>	<u>(10,800)</u>	<u>(12,825)</u>	<u>61,334</u>
Net change in fund balance	<u>\$ (4,022,929)</u>	<u>\$ (759,197)</u>	<u>\$ 30,874</u>	<u>\$ (205,442)</u>	<u>\$ 190,639</u>	<u>\$ 38,148</u>	<u>\$ (221,000)</u>	<u>\$ 394,159</u>	<u>\$ (4,455)</u>	<u>\$ (347,462)</u>
Debt service as a percentage of noncapital expenditures										
	3.21%	3.32%	3.19%	3.38%	3.43%	3.21%	2.99%	3.53%	2.99%	3.11%

ALLOWAY TOWNSHIP SCHOOL DISTRICT
General Fund Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	DuPont Grant	Donations	Miscellaneous	Refunds	Other Local Grant	Rentals	Annual Totals
2007			\$ 1,159	\$ 11,553			\$ 12,712
2008		\$ 500	2,352	1,544	\$ 330	\$ 520	5,246
2009	\$ 1,529		5,237	2,294			9,060
2010			534	7,779		16,000	24,313
2011			5,429	20,947		16,000	42,376
2012			6,132	5,867			11,999
2013			260	3,159			3,419
2014			215				215
2015			1,747	49,536			51,283
2016		2,570	2,501		2,475		7,546
	<u>\$ 1,529</u>	<u>\$ 3,070</u>	<u>\$ 25,566</u>	<u>\$ 102,679</u>	<u>\$ 2,805</u>	<u>\$ 32,520</u>	<u>\$ 168,169</u>

Source: District records

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utility	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate
2007	8,072,100	141,414,500	33,316,400	4,910,700	9,287,900	0	0	197,001,600	524,684	197,526,284	271,981,176	1.801
2008	8,050,700	142,951,300	33,825,300	4,815,800	8,107,900	0	0	197,751,000	538,700	198,289,700	282,723,774	1.803
2009	7,355,300	148,666,100	33,703,600	5,855,800	5,878,700	0	0	201,459,500	562,108	202,021,608	304,743,165	1.781
2010	12,314,300	209,234,800	44,541,200	6,405,000	15,496,600	0	0	287,991,900	841,247	288,833,147	344,735,336	1.243
2011	12,231,900	208,335,300	44,590,500	5,992,900	15,191,000	0	0	286,341,600	614,413	286,956,013	308,742,510	1.250
2012	10,955,100	207,289,200	44,768,800	5,826,100	15,384,500	0	0	284,223,700	627,629	284,851,329	290,561,112	1.280
2013	10,219,000	207,215,300	45,486,900	5,872,700	16,141,800	0	0	284,935,700	569,261	285,504,961	282,175,294	1.334
2014	9,975,700	206,966,300	45,870,600	6,047,000	11,919,200	0	0	280,778,800	414,575	281,193,375	289,929,202	1.377
2015	8,489,100	207,582,200	45,833,000	6,009,900	11,604,300	0	0	279,518,500	406,893	279,925,393	296,158,778	1.410
2016	7,829,300	208,100,500	45,516,800	6,000,300	11,604,300	0	0	279,051,200	399,169	279,450,369	285,661,657	1.451

Source: Tax Assessor

n/a = Not available at time of completion of CAFR

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Direct and Overlapping Property Tax Rates
 Per \$100 of Assessed Valuation
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Overlapping Rates			Total Direct & Overlapping Tax Rate
				Township of Alloway	Township Open Space	Salem County	
2007	1.601	0.123	1.724	0.160	0.003	1.270	3.157
2008	1.671	0.130	1.801	0.179	0.020	1.293	3.293
2009	1.676	0.127	1.803	0.192	0.020	1.322	3.337
2010	1.647	0.134	1.781	0.214	0.019	1.339	3.353
2011	1.151	0.092	1.243	0.180	0.019	1.060	2.502
2012	1.159	0.091	1.250	0.190	0.002	0.961	2.403
2013	1.191	0.089	1.280	0.181	0.010	0.959	2.430
2014	1.235	0.099	1.334	0.186	0.005	0.954	2.479
2015	1.279	0.098	1.377	0.225	0.005	0.985	2.592
2016	1.321	0.089	1.410	0.244	0.005	1.059	2.718

Source: Municipal Tax Collector

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers
Current and Nine Years Ago
Unaudited

Taxpayer	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Valuation	Taxable Assessed Value	% of Total District Net Assessed Valuation
T/P Campground Inc.	3,000,000	1.07%		
Angelo Massari, Inc.	2,521,500	0.90%	2,622,500	1.33%
Ayra Golf Properties			2,115,100	1.07%
Taxpayer #1	835,200	0.30%		
Tall Pines Campground Inc.			788,600	0.40%
Taxpayer #2	751,900	0.27%		
Taxpayer #3	723,900	0.26%	723,600	0.37%
Fulton Bank (The Bank)	703,000	0.25%	528,900	0.27%
Taxpayer #4	645,000	0.23%	652,800	0.33%
Heritage-Cobb Mill Estates LP			1,487,200	0.75%
Taxpayer #5	598,300	0.21%	560,100	0.28%
HKS Holdings LLC	580,400	0.21%		
Taxpayer #6	578,800	0.21%	538,500	0.27%
Verizon Communications			524,684	0.27%
	<u>7,938,000</u>	<u>1.64%</u>	<u>10,541,984</u>	<u>5.34%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year		Collections in Subsequent Year
		Amount	Percent of Levy	
2007	\$ 3,299,639	\$ 3,299,639	100.00%	
2008	3,555,660	3,555,660	100.00%	
2009	3,577,080	3,577,080	100.00%	
2010	3,597,120	3,597,120	100.00%	
2011	3,591,120	3,591,120	100.00%	
2012	3,585,120	3,585,120	100.00%	
2013	3,644,400	3,644,400	100.00%	
2014	3,807,725	3,807,725	100.00%	
2015	3,870,742	3,870,742	100.00%	
2016	3,946,751	3,946,751	100.00%	

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

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities			Bond Anticipation Notes	Business-type Activities Capital Leases	Total District	Percentage of Personal Income
	General Obligation Bonds	Certificate of Participation	Capital Leases				
2007	\$ 3,216,000					\$ 3,216,000	3.04%
2008	3,091,000					3,091,000	2.79%
2009	2,966,000					2,966,000	2.49%
2010	2,816,000					2,816,000	2.35%
2011	2,666,000					2,666,000	1.95%
2012	2,516,000					2,516,000	1.79%
2013	2,366,000					2,366,000	1.68%
2014	2,181,000					2,181,000	1.55%
2015	2,075,000					2,075,000	1.42%
2016	1,860,000					1,860,000	n/a

Note: Not available at the time of CAFR completion.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per capita
	General Obligation Bonds	Deductions			
2007	\$ 3,216,000		\$ 3,216,000	1.63%	1,061
2008	3,091,000		3,091,000	1.56%	1,021
2009	2,966,000		2,966,000	1.47%	967
2010	2,816,000		2,816,000	0.98%	912
2011	2,666,000		2,666,000	0.93%	770
2012	2,516,000		2,516,000	0.89%	729
2013	2,366,000		2,366,000	0.83%	686
2014	2,181,000		2,181,000	0.78%	638
2015	2,075,000		2,075,000	0.74%	610
2016	1,860,000		1,860,000	0.67%	551

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2015
 Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Township of Alloway	\$ 4,538,709	100%	\$ 4,538,709
Salem County General Obligation Debt (5.62%)	40,394,432	5.62%	2,272,002
Subtotal, overlapping debt			6,810,711
Township of Alloway School District			1,860,000
Total direct and overlapping debt			<u>\$ 8,670,711</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Salem County Board of Taxation. Debt outstanding provided by each government unit.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited

	Year	Equalized Valuation Basis								
	2015	\$ 284,613,074								
	2014	292,631,919								
	2013	292,631,919								
		<u>\$ 869,876,912</u>								
Average equalized valuation of taxable property		\$ 289,958,971								
Debt limit (3% of average equalized value)		8,698,769								
Total net debt applicable to limit		<u>1,860,000</u>								
Legal debt margin		<u>\$ 6,838,769</u>								
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 7,025,033	\$ 7,825,818	\$ 8,391,972	\$ 9,162,104	\$ 9,448,068	\$ 9,382,275	\$ 8,789,910	\$ 8,631,153	\$ 8,682,550	\$ 8,731,754
Total net debt applicable to limit	<u>3,216,000</u>	<u>3,091,000</u>	<u>2,966,000</u>	<u>2,816,000</u>	<u>2,666,000</u>	<u>2,516,000</u>	<u>2,366,000</u>	<u>2,181,000</u>	<u>2,075,000</u>	<u>1,860,000</u>
Legal debt margin	<u>\$ 3,809,033</u>	<u>\$ 4,734,818</u>	<u>\$ 5,425,972</u>	<u>\$ 6,346,104</u>	<u>\$ 6,782,068</u>	<u>\$ 6,866,275</u>	<u>\$ 6,423,910</u>	<u>\$ 6,450,153</u>	<u>\$ 6,607,550</u>	<u>\$ 6,871,754</u>
Total net debt applicable to the limit as a percentage of debt limit	45.78%	39.50%	35.34%	30.74%	28.22%	26.82%	26.92%	25.27%	23.90%	21.30%

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

Fiscal Year Ended June 30,	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2007	3,030	\$ 105,798,510	\$ 34,917	4.90%
2008	3,028	110,855,080	36,610	6.30%
2009	3,067	119,281,764	38,892	11.60%
2010	3,089	119,899,535	38,815	12.30%
2011	3,462	136,610,520	39,460	11.60%
2012	3,449	140,781,282	40,818	11.90%
2013	3,451	140,859,467	40,817	5.90%
2014	3,419	141,074,778	41,262	8.20%
2015	3,400	145,690,000	42,850	7.10%
2016	3,376	n/a	n/a	n/a

Source: State of New Jersey, Department of Labor and Workforce Development.

n/a = Not available at time of completion of CAFR

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Principal Employers
Current and Nine Years Ago
Unaudited

Employer	2016		2007	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Ranch Hope	145	8.93%		
Alloway Township Board of Education	70	4.31%		
B.R. Williams	215	13.24%		
Alloway Township	28	1.72%		
Edgar Joyce Nursery	19	1.17%		
	<u>477</u>	<u>29.37%</u>	<u>n/a</u>	<u>0.00%</u>

Source: Alloway School District

n/a - Not available

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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction:										
Regular	35.0	36.0	36.0	36.0	35.0	34.0	32.0	32.0	30.0	30.0
Special education	8.0	8.5	8.5	9.0	8.0	7.4	13.0	11.0	12.0	12.0
Support services:										
Student & instruction related services	6.5	6.4	5.7	6.5	5.5	3.8	2.5	2.5	4.0	4.0
General administration	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
School administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Business administrative services	2.5	2.5	2.5	2.5	2.5	2.5	1.5	2.0	2.0	2.0
Plants operations and maintenance	5.2	5.5	5.6	5.6	5.5	5.2	5.0	4.1	4.1	3.9
Food service	4.5	4.5	4.0	4.0	4.0	4.0	4.0	3.5	3.5	3.5
Child care	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.5	3.5	2.0
Total	<u>69</u>	<u>71</u>	<u>70</u>	<u>71</u>	<u>68</u>	<u>64.4</u>	<u>65.5</u>	<u>62.1</u>	<u>62.6</u>	<u>60.9</u>

Source: District personnel records and budget book.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary				
2007	482	\$ 7,100,664	\$ 14,732	29.42%	34.9	1:14	480.70	460.20	-2.36%	95.74%
2008	481	7,477,361	15,545	5.52%	34.0	1:14	479.50	460.80	-0.25%	96.10%
2009	666	7,634,325	11,463	-26.26%	35.0	1:13	460.70	441.90	-3.92%	95.92%
2010	646 *	7,764,435	12,019	4.85%	36.0	1:13	462.30	442.40	0.35%	95.70%
2011	618 *	7,473,939	12,094	0.62%	35.0	1:12	431.00	412.90	-6.77%	95.80%
2012	603 *	7,828,683	12,983	7.35%	34.0	1:12	419.00	401.50	-2.78%	95.82%
2013	586 *	8,229,205	14,043	8.17%	36.0	1:11	401.90	384.80	-4.08%	95.75%
2014	532 *	7,723,372	14,518	3.38%	34.0	1:11	388.90	372.50	-3.23%	95.78%
2015	504 *	8,240,799	16,351	12.63%	35.5	1:11	376.92	358.14	-3.08%	95.02%
2016	501 *	8,387,651	16,742	2.39%	33.0	1:12	383.00	358.98	1.61%	93.73%

Source: District records, ASSA and schedules J-4, J-12, J-14.

* Enrollment includes Woodstown High School enrollment

Note: Enrollment based on annual October district count.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
 Unaudited

Elementary	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Alloway Elementary										
Square feet	55,760	55,760	55,760	55,760	55,760	55,760	55,760	55,760	55,760	55,760
Capacity (students)	629	629	629	629	629	629	629	629	629	629
Enrollment	482	481	466	461	430	419	401	384	376	384

Number of schools at June 30, 2016
 Elementary = 1

Source: District office

ALLOWAY TOWNSHIP SCHOOL DISTRICT
 General Fund
 Schedule of Required Maintenance Expenditures by School Facility
 For the Fiscal Year Ended June 30, 2016
 Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-xxx

* School Facilities	Gross Square Footage	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
Alloway School	55,760	<u>\$ 57,975</u>	<u>\$ 47,777</u>	<u>\$ 80,219</u>	<u>\$ 49,900</u>	<u>\$ 51,747</u>	<u>\$ 57,585</u>	<u>\$ 54,877</u>	<u>\$ 87,505</u>	<u>\$ 72,823</u>	<u>\$ 70,781</u>	<u>\$ 631,189</u>

* School facilities as defined under EFCA.
 (NJAC 6A:26-1.2 and NJAC 6:24-1.3)

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2016
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School package policy - NJ School Board Association Insurance Group		
Property - blanket buildings & contents	\$ 14,864,978	\$ 5,000
Electronic data processing	150,000	1,000
Equipment breakdown		
Combined single limit	100,000	5,000
Crime		
Employee blanket bond/per employee	100,000	1,000
Employee blanket bond/theft, disappearance & destruction	25,000	500
Employee blanket bond/theft, disappearance money orders	25,000	500
Employee blanket bond/forgery per occurrence	100,000	1,000
Employee blanket bond/computer per occurrence	100,000	500
General liability		
Bodily injury & property damage	6,000,000	None
Bodily injury products and completed operations	6,000,000	None
Sexual abuse	6,000,000	None
Personal and advertising injury	6,000,000	None
Employee benefits liability	6,000,000	1,000
Premises medical payments	10,000	None
Terrorism	1,000,000	None
Commercial automobile liability		
Bodily injury & property damage	6,000,000	None
Errors & omissions liability policy		
Coverage A	6,000,000	5,000
Coverage B	100,000	5,000
Workmen's compensation - NJ School Board Association Insurance Group		
Bodily injury - by accident	2,000,000	None
Bodily injury - by disease	2,000,000	None
Bodily injury - by employee	2,000,000	None
Student accident - Markel Insurance Company		
Accidental death and dismemberment	10,000	
Accident medical expense benefit	100%	
Public employees' faithful performance bonds -		
Ohio Casualty Insurance Company		
Employee bond - Rebecca S. Joyce, Business Administrator/ Board Secretary	200,000	None

Source: District records

SINGLE AUDIT SECTION

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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
Alloway Township School District
43 Cedar Street
Alloway, New Jersey 08001

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Alloway Township School District, in the County of Salem, State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Alloway Township School District's basic financial statements, and have issued our report thereon dated September 2, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Alloway Township School District's 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 Alloway Township School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542

September 2, 2016

PETRONI & ASSOCIATES LLC

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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
REQUIRED BY UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES,
AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE),
AND NEW JERSEY OMB'S CIRCULAR 15-08**

Independent Auditor's Report

The Honorable President and Members
of the Board of Education
Alloway Township School District
43 Cedar Street
Alloway, New Jersey 08001

Report on Compliance for Each Major State Program

We have audited the Alloway Township School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Alloway Township School District's major state programs for the year ended June 30, 2016. The Alloway Township School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of 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 Alloway Township School District's major 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; and the audit requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), *New Jersey State Aid/Grant Compliance Supplement*, *Audits of States, Local Governments, and Non-Profit Organizations* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal

Grants, State Grants, and State Aid. Those standards, the Uniform Guidance and New Jersey OMB's Circular 15-08, 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 state program occurred. An audit includes examining, on a test basis, evidence about the Alloway Township 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 state program. However, our audit does not provide a legal determination of the Alloway Township School District's compliance.

Opinion on Each Major State Program

In our opinion, the Alloway Township 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 state programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Alloway Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Alloway Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with Uniform Guidance and New Jersey OMB's Circular 15-08, 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 Alloway Township School District's internal control over compliance.

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

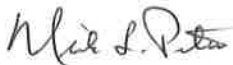
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

**Report on Schedules of Expenditures of Federal Awards and State Financial Assistance
Required by Uniform Guidance and New Jersey OMB's Circular 15-08**

We have audited the financial statements Alloway Township School District as of and for the year ended June 30, 2016, and have issued our report thereon dated September 2, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Uniform Guidance and New Jersey OMB's Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542

September 2, 2016

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

Federal Grantor/Pass-Through/Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2016			Memo Cumulative Total Expenditures
					From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Education																
Passed-through State Department of Education:																
Special Revenue Fund:																
Title I - Part A	84.010A	S010A150030	NCLB006016	\$ 104,068	07/1/15-	06/30/16			\$ 90,681	\$ (104,068)					\$ (13,387)	\$ 104,068
Title II-A - Teacher & Principal Training	84.367	S367A150029	NCLB006016	17,816	07/1/15-	06/30/16			17,816	(17,816)						17,816
IDEA Part B, Basic Regular	84.027A	H027A150100	IDEA006016	98,918	07/1/15-	06/30/16			98,918	(98,918)						98,918
IDEA Part B, Preschool	84.173	H173A150114	IDEA006016	3,592	07/1/15-	06/30/16			3,592	(3,592)						3,592
Rural Education Achievement Program	84.358	S358B150030	S358A151526	22,987	07/1/15-	09/30/16			22,987	(22,987)						22,987
Total Special Revenue Fund									233,994	(247,381)				(13,387)		247,381
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Food Distribution Program	10.550	NJN161613041099	n/a	11,474	07/1/15-	06/30/16			11,474	(10,482)				\$ 992		10,482
Food Distribution Program	10.550	NJN161613041099	n/a	7,560	07/1/14-	06/30/15	\$ 1,163			(1,163)						7,560
National School Lunch Program	10.555	NJN161613041099	n/a	31,540	07/1/15-	06/30/16			30,235	(31,540)				(1,305)		31,540
National School Lunch Program	10.555	NJN161613041099	n/a	30,289	07/1/14-	06/30/15	(1,934)		1,934							30,289
Special Milk Program for Children	10.556	NJN161613041099	n/a	285	07/1/15-	06/30/16			270	(285)				(15)		285
Special Milk Program for Children	10.556	NJN161613041099	n/a	214	07/1/14-	06/30/15		(16)	16							214
Total Enterprise Fund									43,929	(43,470)				(1,320)	992	79,871
Total Federal Financial Awards							\$ (787)		\$ 277,923	\$ (290,851)				\$ (14,707)	\$ 992	\$ 327,252

The accompanying notes to schedules of expenditures of awards and financial assistance are an integral part of this schedule.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015			Cash Received	Budgetary Expenditures	Adjustment/ Repayment of Prior Year's Balance	Balance at June 30, 2016			Memo	
			From	To	Deferred Revenue (Accts. Receivable)	Due to Grantor	Carryover/ (Walkover) Amount				(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
State Aid Public:															
Equalization Aid	16-495-034-5120-078	\$ 3,016,688	07/1/15	06/30/16			\$ 3,016,688	\$ (3,016,688)					\$ 288,804	\$ 3,016,688	
Adjustment Aid	16-495-034-5120-085	29,304	07/1/15	06/30/16			29,304	(29,304)					2,805	29,304	
Special Education Aid	16-495-034-5120-089	324,976	07/1/15	06/30/16			324,976	(324,976)					31,112	324,976	
Security Aid	16-495-034-5120-084	44,007	07/1/15	06/30/16			44,007	(44,007)					4,213	44,007	
Under Adequacy Aid	16-495-034-5120-096	3,706	07/1/15	06/30/16			3,706	(3,706)					355	3,706	
PARCC Readiness Aid	16-495-034-5120-098	5,170	07/1/15	06/30/16			5,170	(5,170)					495	5,170	
Per Pupil Growth Aid	16-495-034-5120-097	5,170	07/1/15	06/30/16			5,170	(5,170)					495	5,170	
Transportation Aid	16-495-034-5120-014	290,690	07/1/15	06/30/16			290,690	(290,690)					27,829	290,690	
Extraordinary Aid	16-100-034-5120-473	76,880	07/1/15	06/30/16			76,880	(76,880)			\$ (76,880)			76,880	
Extraordinary Aid	15-100-034-5120-473	52,817	07/1/14	06/30/15	\$ (52,817)		52,817							52,817	
Nonpublic Transportation Costs	n/a	1,218	07/1/15	06/30/16				(1,218)			(1,218)			1,218	
Nonpublic Transportation Costs	n/a	2,712	07/1/14	06/30/15	(2,712)		2,712							2,712	
Reimbursed TPAF Social Security Contributions	16-100-034-5094-003	190,809	07/1/15	06/30/16			181,965	(190,809)			(8,844)			190,809	
Reimbursed TPAF Social Security Contributions	15-100-034-5094-003	204,800	07/1/14	06/30/15	(9,907)		9,907							204,800	
On-Behalf TPAF Post Retirement Contribution	16-100-034-5094-001	273,702	07/1/15	06/30/16			273,702	(273,702)						273,702	
On-Behalf TPAF Pension Contribution	16-100-034-5094-006	229,862	07/1/15	06/30/16			229,862	(229,862)						229,862	
Total General Fund					(65,436)		4,470,676	(4,492,182)			(86,942)		356,108	4,752,511	
Capital Projects Fund:															
SDA Grant	0060-020-14G2NF	182,796	01/06/14	-complete	(19,686)			(162,117)			(181,803)			181,803	
SDA Grant	0060-020-141002-G04	29,373	06/21/14	-complete	(4,173)			(15,538)			(19,711)			19,711	
Total Capital Projects Fund					(23,859)			(177,655)			(201,514)			201,514	
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	16-100-010-3350-023	1,191	07/1/15	06/30/16			1,144	(1,191)			(47)			1,191	
National School Lunch Program (State Share)	15-100-010-3350-023	1,238	07/1/14	06/30/15	(116)		116							1,238	
Total Enterprise Fund					(116)		1,260	(1,191)			(47)			2,429	
Total State Financial Assistance					\$ (89,411)		\$ 4,471,936	\$ (4,671,028)			\$ (288,503)		\$ 356,108	\$ 4,956,454	
Less: On-Behalf TPAF Pension System Contributions															
Total for State Financial Assistance - Major Program Determination															
								<u>(503,564)</u>							
								<u>(4,167,464)</u>							

The accompanying notes to schedules of expenditures of awards and financial assistance are an integral part of this schedule.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2016

NOTE 1: GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state activity of the Board of Education, Alloway Township School District. The Board of Education is defined in Note 1 to the Board'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, is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Awards and Financial Assistance are presented on 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 Board's basic financial statements. The information in this schedule is presented in accordance with the requirements 2 CFR 200-*Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, New Jersey OMB's Circular 15-08, *Audits of States, Local Governments, and Non-Profit Organizations* and the *New Jersey State Aid/Grant Compliance Supplement*. 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 NJSA 18A:22-44-.2. For GAAP purposes that payment is 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 one or more June state aid payments in the current budget year, consistent with NJSA 18A:22-4-.2.

ALLOWAY TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2016

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(8,192) for the General Fund and \$0 for the Special Revenue Fund. See Note 1 (the 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. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented (See Exhibit B-2 and B-5):

	Federal	State	Total
General fund		\$ 3,980,426	\$ 3,980,426
Special revenue fund	\$ 247,381		247,381
Food service fund	43,299	1,191	44,490
Total financial assistance	<u>\$ 290,680</u>	<u>\$ 3,981,617</u>	<u>\$ 4,272,297</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: FOOD DISTRIBUTION PROGRAM

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. Non-monetary assistance is reported in the schedule at the market value of the commodities received and disbursed. At June 30, 2016, Alloway Township School District has food commodities totaling \$992 in inventory.

NOTE 6: OTHER

The amount reported as TPAF Pension Contributions of \$503,564 represents the amount paid by the state on behalf of the District for the year ended June 30, 2016. TPAF Social Security Contributions of \$190,809 represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

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

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- 1. Material weakness(es) identified? Yes X No
- 2. Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to basic financial statements noted? Yes X No

Federal Awards

N/A

Internal control over major programs:

- 1. Material weakness(es) identified? Yes No
- 2. Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Type of auditor’s report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a)? Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
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Dollar threshold used to distinguish between type A and type B programs: \$

Auditee qualified as low-risk auditee? Yes No

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

Section I – Summary of Auditor’s Results

State Awards

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

Auditee qualified as low-risk auditee? X Yes No

Internal control over major programs:

1. Material weakness(es) identified? Yes X No

2. Significant deficiencies identified that are not considered to be material weaknesses? 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 NJ OMB’s Circular 15-08? Yes X No

Identification of major programs:

GMIS Numbers

Name of State Program

495-034-5120-078	State Aid Public: Equalization Aid
495-034-5120-089	Special Education Categorical Aid
495-034-5120-084	Security Aid
495-034-5120-085	Adjustment Aid
495-034-5120-096	Under Adequacy Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness Aid

Section II – Financial Statement Findings

None

Section III – State Financial Assistance Findings and Questioned Costs

FEDERAL AWARDS

N/A

STATE AWARDS

None

ALLOWAY TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

No matters were reported.