

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



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
Table of Contents

| INTRODUCTORY SECTION | Page |
|--|-------------|
| Letter of Transmittal | 2 |
| Organizational Chart | 8 |
| Roster of Officials | 9 |
| Consultants and Advisors | 10 |
| FINANCIAL SECTION | |
| Independent Auditor's Report | 12 |
| Required Supplementary Information – Part I Management’s Discussion and Analysis | 18 |
| Basic Financial Statements | |
| A. Government-Wide Financial Statements: | |
| A-1 Statement of Net Position | 27 |
| A-2 Statement of Activities | 28 |
| B. Fund Financial Statements: | |
| Governmental Funds: | |
| B-1 Balance Sheet | 30 |
| B-2 Statement of Revenues, Expenditures and Changes in Fund Balances | 31 |
| B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 32 |
| Proprietary Funds: | |
| B-4 Statement of Net Position | 33 |
| B-5 Statement of Revenues, Expenses and Changes in Fund Net Position | 34 |
| B-6 Statement of Cash Flows | 35 |
| Fiduciary Funds: | |
| B-7 Statement of Fiduciary Net Position | 36 |
| B-8 Statement of Changes in Fiduciary Net Position | 37 |
| Notes to the Financial Statements | 38 |
| Required Supplementary Information - Part II | |
| C. Budgetary Comparison Schedules | |
| C-1 Budgetary Comparison Schedule – General Fund | 74 |
| C-1a Combining Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual (if applicable) | N/A |
| C-1b Community Development Block Grant – Budget and Actual (if applicable) | N/A |
| C-2 Budgetary Comparison Schedule – Special Revenue Fund | 86 |
| C-3 Notes to Required Supplementary Information – Part II Budget-to-GAAP Reconciliation | 88 |

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

| | Page |
|---|-------------|
| Required Supplementary Information – Part III | |
| L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) | |
| L-1 Schedule of the District's Proportionate Share of the Net Pension Liability – PERS | 90 |
| L-2 Schedule of District Contributions – PERS | 91 |
| L-3 Schedule of the District's Proportionate Share of the Net Pension Liability – TPAF | 92 |
| L-4 Schedule of District Contributions – TPAF | 93 |
| L-5 Notes to the Required Supplementary Information – Part III GASB 68 Pension Changes | 94 |
| Required Supplementary Information – Part IV (if applicable) | |
| L-6 Schedule of Funding Progress for Health Benefits Plan | N/A |
| L-7 Notes to the Required Supplementary Information – Part IV | N/A |
| Other Supplementary Information | |
| D. School Based Budget Schedules: | |
| D-1 Combining Balance Sheet | N/A |
| D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual | N/A |
| D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual | N/A |
| E. Special Revenue Fund: | |
| E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis | 97 |
| E-2 Preschool Education Aid Schedule(s) of Expenditures – Budgetary Basis | 102 |
| F. Capital Projects Fund: | |
| F-1 Summary Schedule of Project Expenditures | 104 |
| F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budgetary Basis | 105 |
| F-2a- Schedule(s) of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis | 106 |

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

| | Page |
|---|-------------|
| Other Supplementary Information (Cont'd) | |
| G. Proprietary Funds: | |
| Enterprise Fund: | |
| G-1 Combining Statement of Net Position | 113 |
| G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position | 114 |
| G-3 Combining Statement of Cash Flows | 115 |
| Internal Service Fund: | |
| G-4 Combining Statement of Net Position | N/A |
| G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Position | N/A |
| G-6 Combining Statement of Cash Flows | N/A |
| H. Fiduciary Funds: | |
| H-1 Combining Statement of Fiduciary Net Position | 117 |
| H-2 Combining Statement of Changes in Fiduciary Net Position | 118 |
| H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements | 119 |
| H-4 Payroll Agency Fund Schedule of Receipts and Disbursements | 120 |
| I. Long-Term Debt: | |
| I-1 Schedule of Serial Bonds | 122 |
| I-2 Schedule of Obligations under Capital Leases | 123 |
| I-3 Debt Service Fund Budgetary Comparison Schedule | 124 |
| STATISTICAL SECTION (Unaudited) | |
| Introduction to the Statistical Section | |
| Financial Trends | |
| J-1 Net Position by Component | 127 |
| J-2 Changes in Net Position | 128 |
| J-3 Fund Balances—Governmental Funds | 130 |
| J-4 Changes in Fund Balances—Governmental Funds | 131 |
| J-5 General Fund Other Local Revenue by Source | 132 |
| Revenue Capacity | |
| J-6 Assessed Value and Actual Value of Taxable Property | 134 |
| J-7 Direct and Overlapping Property Tax Rates | 135 |
| J-8 Principal Property Taxpayers | 136 |
| J-9 Property Tax Levies and Collections | 137 |
| Debt Capacity | |
| J-10 Ratios of Outstanding Debt by Type | 139 |
| J-11 Ratios of General Bonded Debt Outstanding | 140 |
| J-12 Direct and Overlapping Governmental Activities Debt | 141 |
| J-13 Legal Debt Margin Information | 142 |

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

| | Page |
|--|-------------|
| Statistical Section (Cont'd) | |
| Demographic and Economic Information | |
| J-14 Demographic and Economic Statistics | 144 |
| J-15 Principal Employers | 145 |
| Operating Information | |
| J-16 Full-time Equivalent District Employees by Function/Program | 147 |
| J-17 Operating Statistics | 148 |
| J-18 School Building Information | 149 |
| J-19 Schedule of Required Maintenance | 150 |
| J-20 Insurance Schedule | 151 |
| SINGLE AUDIT SECTION | |
| K-1 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 | 15 |
| K-2 Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and State of New Jersey Circular 15-08-OMB | 153 |
| K-3 Schedule of Expenditures of Federal Awards, Schedule A | 155 |
| K-4 Schedule of Expenditures of State Financial Assistance, Schedule B | 157 |
| K-5 Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance | 159 |
| K-6 Schedule of Findings and Questioned Costs | 161 |
| K-7 Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management | 166 |

INTRODUCTORY SECTION



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

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

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

Joy N. Nixon, CPA
School Business Administrator

November 2, 2016

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

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Requirements of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws, regulations, findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES:

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

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular and special education for handicapped youngsters. The District completed the 2015-16 fiscal year with an enrollment of 3,299 students (including 50 students attending Charter Schools and 11 attending choice districts). The following details the changes in the student enrollment of the District over the last ten years.

June 30 Enrollment Per Year Data

| <u>Fiscal Year</u> | <u>Student Enrollment</u> | <u>Percentage Change</u> |
|--------------------|---------------------------|--------------------------|
| 2015-16 | 3,299 | 0.52% |
| 2014-15 | 3,282 | -4.87% |
| 2013-14 | 3,450 | -1.68% |
| 2012-13 | 3,509 | -1.60% |
| 2011-12 | 3,566 | -1.44% |
| 2010-11 | 3,618 | -1.47% |
| 2009-10 | 3,672 | -1.36% |
| 2008-09 | 3,723 | -3.23% |
| 2007-08 | 3,847 | -3.51% |
| 2006-07 | 3,982 | -1.76% |

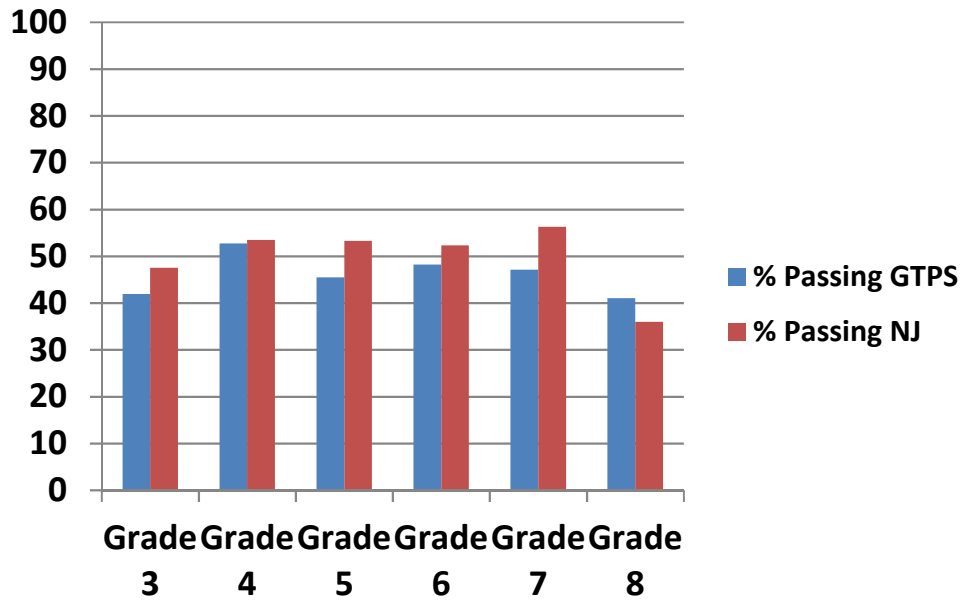
2) ECONOMIC CONDITION AND OUTLOOK:

The Galloway Township area continues to experience a downturn in development and expansion, especially in the gaming industry related to nearby Atlantic City. General businesses and economic growth to the area have slowed over the past ten years, which has resulted in a slight decrease in annual enrollment. While this downturn is expected to stabilize, Galloway Township does not expect to experience growth issues in the near future.

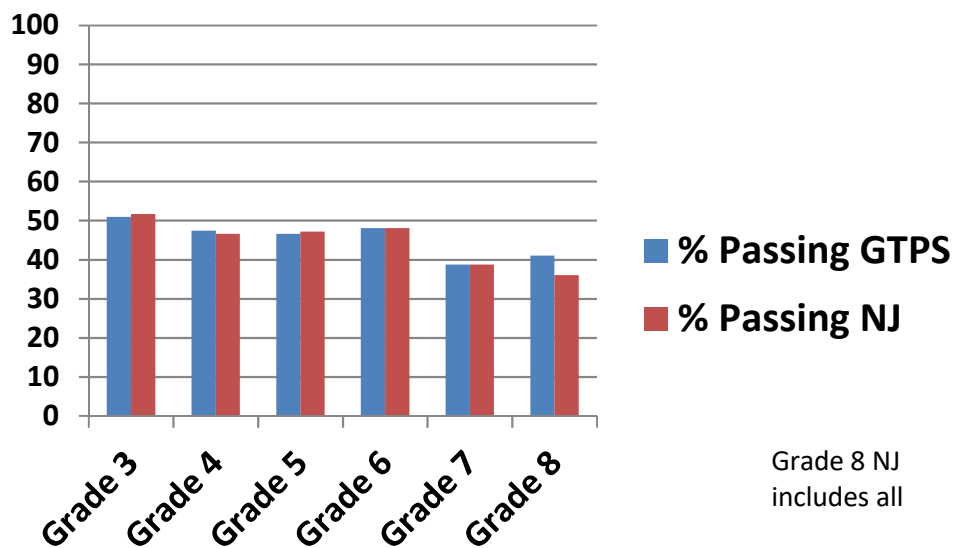
3) MAJOR INITIATIVES:

During the 2015-2016 school year, our district and schools continued efforts to provide a quality education in a safe, positive learning environment. Of course, these efforts included meeting the New Jersey Student Learning Standards and administration of the Partnership to Assess College and Career Readiness (PARCC) tests in language arts and math and the ASK in science. PARCC results are shown on the following page.

PARCC ELA Passing Percentages GTPS vs NJ 2015-16



PARCC Math Passing Percentages GTPS vs NJ 2015-16



3) MAJOR INITIATIVES (CONT'D):

Additionally, we worked to address the New Jersey Student Learning Standards in all content areas while providing for the needs of our diverse student population. Below is a list of initiatives which were funded using both local and grant monies.

- Purchased supplemental and/or replacement materials for all content areas and programs
- Purchased additional technology including Chromebook carts and iPads
- Studied and expanded the use of technology to identify and ameliorate reading difficulties as may be caused by dyslexia.
- Purchased licenses for CogAt7 (cognitive assessment) and administered to all second graders
- Provided ongoing staff development including content-based, pedagogical, DOE mandated, and other areas as deemed necessary including those areas indicated in our School and District Professional Development Plans
- Offered before/after school ELA and math sessions for identified students as well as a Title I funded Summer Learning Program and IDEA funded Extended School Year

4) INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP).

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

5) BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assignments of fund balance at June 30, 2016.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

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

8) RISK MANAGEMENT:

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

9) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company LLP was selected by the Board. In addition, to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Requirements of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

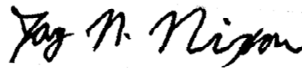
10) ACKNOWLEDGMENTS:

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

Respectfully submitted,

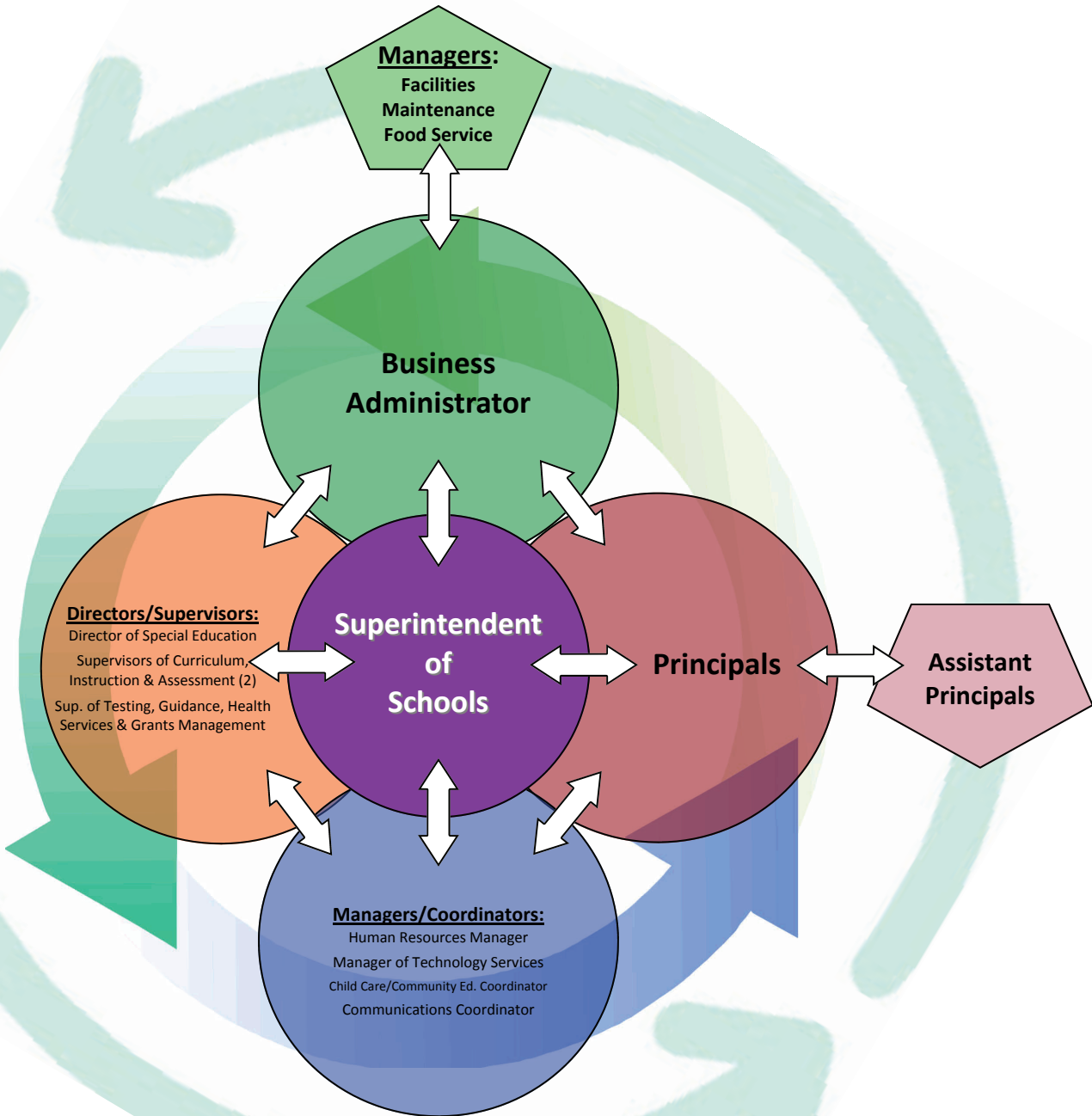


Annette C. Giaquinto, Ed.D
Superintendent of Schools



Joy N. Nixon
School Business Administrator/Board Secretary

Organizational Chart



**GALLOWAY TOWNSHIP PUBLIC SCHOOLS
MEMBERS OF THE BOARD OF EDUCATION AND
ADMINISTRATIVE STAFF
AS OF JUNE 30, 2016**

SCHOOL BOARD MEMBERS

TERM EXPIRES

| | |
|------------------------------------|------|
| Ernest D. Huggard, President | 2017 |
| Suzette M. Cordero, Vice-President | 2016 |
| Madeline Avery | 2018 |
| Richard Dase | 2018 |
| Beverly R. Evensen | 2016 |
| Michael Greb | 2017 |
| Thomas Hand | 2018 |
| Robert Iannacone | 2016 |
| John W. Knorr | 2017 |

ADMINISTRATIVE STAFF

Annette C. Giaquinto, Ed.D Superintendent of Schools
Joy N. Nixon, CPA, MBA , School Business Administrator

PRINCIPALS
ELEMENTARY SCHOOLS

| | |
|---------------|---------------------------|
| Arthur Rann | Kevin McGloin |
| Pomona | Donald Gross, Ed.D. |
| Reeds Road | William Zipparo, Ed.D. |
| Roland Rogers | Robin Moore-Greene, Ed.D. |
| Smithville | Kathie Hathaway, Ed.D. |

MIDDLE SCHOOL

| | |
|---------------------------------|--------------|
| Galloway Township Middle School | Paula Junker |
|---------------------------------|--------------|

**GALLOWAY TOWNSHIP BOARD OF EDUCATION
CONSULTANTS AND ADVISORS**

Audit Firm

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

Attorney

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

Architect

**Fraytak Veisz Hopkins Duthie, P.C.
1515 Lower Ferry Road
Trenton, NJ 08628**

Official Depository

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

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Galloway School District, in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Galloway School District, in the County of Atlantic, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Galloway School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Daniel M. DiGangi

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

Voorhees, New Jersey
November 2, 2016

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

INDEPENDENT AUDITOR'S REPORT

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

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

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Daniel M. DiGangi

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

Voorhees, New Jersey
November 2, 2016

REQUIRED SUPPLEMENTARY INFORMATION
PART I

GALLOWAY TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

The management's discussion and analysis of Galloway Township School District (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016 and 2015. The intent of the discussion and analysis is to look at the School District's financial performance and review the notes to the basic financial statements to enhance the understanding of the School District's financial performance. It is recommended that the discussion and analysis be read in conjunction with a transmittal letter at the front of this financial report.

FINANCIAL HIGHLIGHTS

Financial Highlights for fiscal year 2016:

- The assets of the Galloway Township School District exceeded its liabilities at the close of the most recent fiscal year by \$23,041,718 (net position).
- The School District's total net position increased by \$1,965,025. This increase is primarily attributable to the Galloway Township School District's increase in Deferred Outflows of Resources.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$12,413,843, an increase of \$2,831,228 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund had a deficit of \$691,208, which is a decrease of \$14,222 in comparison with the prior year.
- The Galloway Township School District's bonded debt decreased by \$1,554,000.

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 School District:

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

GALLOWAY TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited) (Cont'd)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

Government-Wide Statements

The government-wide statements report information about the School District as a whole using accounting methods similar to those used by the private-sector companies. The statement of net position includes all of the School 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 government-wide statements report the School District's net position and how they have changed. Net position is the difference between the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources and is one way to measure the School District's financial health or position. An increase or decrease in the School District's net position is an indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall health or position of the School District, you need to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

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

- *Governmental activities* – The basic services, such as instruction for regular and special education, maintenance and operations, transportation and administration are included as government activities. Property taxes, state aid and fund balance appropriated finance most of these activities.
- *Business-type activities* – The School District charges fees to cover the costs of certain services such as food services, child care services, gifted and talented consortium services and community education services.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, focusing on the significant funds, not the School District as a whole. Funds are used by the School District to keep track of specific sources of funding and spending on particular programs.

The School District has three kinds of funds:

- *Governmental funds* – The School District's basic services are included in governmental funds, which detail cash and other financial assets and also identify balances that remain at year-end. Governmental funds statements provide a short-term view to determine whether more or less financial resources can be spent in subsequent years.
- *Proprietary funds* – These funds represent charges or fees for such activities as food services, child care services, gifted and talented consortium services and community education services.
- *Fiduciary funds* – The School District is the trustee for assets that belong to others. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. These funds are not included in the government-wide financial statements since the School District is not permitted to use these assets in the School District operation.

GALLOWAY TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1 provides a summary of the School District's net position for fiscal years 2016 and 2015.

TABLE 1
Net Position

| | <u>June 30, 2016</u> | <u>June 30, 2015</u> | <u>Change</u> | <u>% Change</u> |
|--|----------------------|----------------------|---------------------|-----------------|
| Assets: | | | | |
| Current and Other Assets | \$ 13,339,787 | \$ 10,269,034 | \$ 3,070,753 | 29.90% |
| Capital Assets | 30,982,373 | 32,581,096 | (1,598,722) | -4.91% |
| Total Assets | <u>44,322,161</u> | <u>42,850,130</u> | <u>1,472,031</u> | <u>3.44%</u> |
| Deferred Outflows of Resources: | | | | |
| Related to Pensions | 4,326,008 | 2,434,060 | 1,891,948 | 77.73% |
| Deferred Loss on Refunding | 59,126 | 59,126 | (59,126) | -100.00% |
| Total Deferred Outflows of Resources | <u>4,326,008</u> | <u>2,493,186</u> | <u>1,832,822</u> | <u>73.51%</u> |
| Liabilities: | | | | |
| Long-Term Liabilities | 23,620,941 | 22,214,684 | 1,406,257 | 6.33% |
| Other Liabilities | 1,082,787 | 1,021,941 | 60,846 | 5.95% |
| Total Liabilities | <u>24,703,728</u> | <u>23,236,625</u> | <u>1,467,104</u> | <u>6.31%</u> |
| Deferred Inflow of Resources - Related to Pensions | 902,722 | 1,029,998 | (127,276) | 100.00% |
| Net Position: | | | | |
| Net Investment in Capital Assets | 29,558,158 | 29,592,343 | (34,185) | -0.12% |
| Restricted | 12,780,439 | 10,127,687 | 2,652,751 | 26.19% |
| Unrestricted (Deficit) | (19,296,878) | (18,643,338) | (653,541) | 3.51% |
| Total Net Position | <u>\$ 23,041,719</u> | <u>\$ 21,076,693</u> | <u>\$ 1,965,026</u> | <u>9.32%</u> |

Table 2 provides an illustration of the impact of the School District's Net Position for the implementation of GASB 68.

TABLE 2
Statement of Net Position - Effect of Pension Related Items

| | <u>June 30, 2016</u> | <u>June 30, 2015</u> | <u>Change</u> | <u>% Change</u> |
|--|------------------------|------------------------|---------------------|-----------------|
| Deferred Outflows Related to Pensions | \$ 4,326,008 | \$ 2,434,060 | \$ 1,891,948 | 77.73% |
| Less: Net Pension Liability | (19,898,706) | (17,283,426) | (2,615,280) | -15.13% |
| Less: Deferred Inflows Related to Pensions | (902,722) | (1,029,998) | 127,276 | 12.36% |
| | <u>\$ (16,475,420)</u> | <u>\$ (15,879,364)</u> | <u>\$ (596,056)</u> | <u>-3.75%</u> |

GALLOWAY TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONT'D)

Table 3 reflects changes in net position for fiscal years 2016 and 2015.

TABLE 3
Change in Net Position

| Revenues: | <u>June 30, 2016</u> | <u>June 30, 2015</u> | <u>Change</u> | <u>% Change</u> |
|---|----------------------|----------------------|---------------------|-----------------|
| Program Revenues: | | | | |
| Charges for Services | \$ 1,219,522 | \$ 1,557,638 | \$ (338,116) | -21.71% |
| Operating Grants and Contributions | 10,089,296 | 8,182,931 | 1,906,365 | 23.30% |
| General Revenues: | | | | |
| Property Taxes | 31,466,411 | 31,348,072 | 118,339 | 0.38% |
| Grants and Contributions | 25,975,818 | 25,115,182 | 860,636 | 3.43% |
| Other | 298,081 | 301,470 | (3,389) | -1.12% |
| Total Revenues | <u>69,049,128</u> | <u>66,505,293</u> | <u>2,543,835</u> | <u>3.83%</u> |
| Expenses: | | | | |
| Instruction: | | | | |
| Regular | 16,118,410 | 16,460,050 | (341,640) | -2.08% |
| Special Education | 8,821,719 | 8,545,879 | 275,840 | 3.23% |
| Other Special Instruction | 1,511,247 | 1,701,396 | (190,149) | -11.18% |
| Other Instruction | 92,186 | 85,189 | 6,997 | 8.21% |
| Tuition | 1,872,064 | 1,600,168 | 271,896 | 16.99% |
| Student Services: | | | | |
| Student and Instruction Related | 6,170,609 | 5,471,561 | 699,048 | 12.78% |
| School Administrative Services | 1,888,409 | 1,973,497 | (85,088) | -4.31% |
| Other Administrative Services | 1,660,479 | 1,577,643 | 82,835 | 5.25% |
| Plant Operations and Maintenance | 4,196,660 | 3,772,617 | 424,043 | 11.24% |
| Pupil Transportation | 3,631,094 | 3,823,459 | (192,365) | -5.03% |
| Unallocated Benefits | 13,033,888 | 12,139,957 | 893,931 | 7.36% |
| Reimbursed TPAF Pension and Social Security | 6,001,747 | 5,166,151 | 835,596 | 16.17% |
| Transfer to Charter Schools | 46,631 | 739,010 | (692,379) | -93.69% |
| Interest on Long-Term Debt | 111,866 | 217,409 | (105,543) | -48.55% |
| Unallocated Depreciation | 4,443 | 4,443 | | 0.00% |
| Food Service | 1,719,419 | 1,670,912 | 48,507 | 2.90% |
| Childcare Program | 204,893 | 190,066 | 14,827 | 7.80% |
| Gifted and Talented Consortium | 31,768 | 30,376 | 1,393 | 4.59% |
| Community Education | 22,260 | 24,237 | (1,977) | -8.16% |
| Total Expenses | <u>67,139,792</u> | <u>65,194,021</u> | <u>1,945,771</u> | <u>2.98%</u> |
| Income (Loss) before Extraordinary Items | 1,909,336 | 1,311,272 | 598,064 | 0.46 |
| Extraordinary Items: | | | | |
| Proceeds from Insurance Recovery | 55,689 | - | 55,689 | 100.00% |
| Increase (Decrease) in Net Position | 1,965,026 | 1,311,272 | 653,754 | 0.50 |
| Beginning Net Position | <u>21,076,693</u> | <u>19,765,421</u> | <u>1,311,272</u> | <u>6.63%</u> |
| Ending Net Position | <u>\$ 23,041,719</u> | <u>\$ 21,076,693</u> | <u>\$ 1,965,026</u> | <u>9.32%</u> |

GALLOWAY TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONT'D)

Governmental Activities

In 2015-2016, Governmental Activities Revenues were \$66,938,379 or 96.94% of total revenues.

In 2014-2015, Governmental Activities Revenues were \$64,391,646 or 96.82% of total revenues.

In 2015-2016, General Revenues - Property Taxes of \$31,466,411 made up 45.57%, and General Revenues – Grants and Contributions not Restricted to Specific Programs of \$25,975,818 made up 37.62% of total revenues.

In 2014-2015, General Revenues - Property Taxes of \$31,348,072 made up 47.14%, and General Revenues – Grants and Contributions not Restricted to Specific Programs of \$25,115,182 made up 37.76% of total revenues.

In 2015-2016, the School District's Governmental Activities expenditures increased by \$1,883,021 or 2.98%.

Business-Type Activities

In 2015-2016 Business-Type Activities Revenues were \$2,110,749 or 3.06% of total revenues. In 2014-2015 Business-Type Activities Revenues were \$2,113,647 or 3.18% of total revenues.

Charges for Services for Business-Type Activities were \$930,993 in 2015-2016 compared to \$1,008,659 in 2014-2015, a 7.70% decrease.

Expenses for Business-Type Activities were \$1,978,339 in 2015-2016 compared to \$1,915,590 in 2014-2015, a 3.28% increase.

General Fund Budgeting Highlights

The final budgetary basis revenue estimate was \$54,592,788, which was equal to the original budget.

The 2015-2016 General Fund Tax Levy was \$30,606,570, an increase of \$152,272 or 0.50% from the 2014-2015 General Fund Tax Levy of \$30,454,298.

During fiscal year 2016, the School District budgeted \$30,606,570 for property taxes (local tax levy) and \$23,639,348 for state aid revenues.

The School District also received \$1,754,268 and \$4,247,479 reimbursed T.P.A.F. Social Security Aid and On-behalf T.P.A.F. Medical, Non-Contributory Insurance and Pension Contributions, respectively. The Galloway Township School District's expenditures also include the reimbursed TPAF Social Security Aid and On-behalf T.P.A.F. Medical, Non-Contributory Insurance and Pension Contributions of \$1,754,268 and \$4,247,479, respectively, which contributes to an unfavorable expenditure variance for the fiscal year.

The final budgetary basis expenditure appropriation estimate was \$58,469,004, which was equal to the original budget.

GALLOWAY TOWNSHIP SCHOOL DISTRICT
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2016
 (Unaudited) (Cont'd)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONT'D)

Financial Analysis of the Government's Funds

Governmental Funds - As of the end of the current fiscal year, the School District's governmental funds reported combining ending fund balances of \$12,413,843, an increase of \$2,831,228 in comparison with the prior year.

Of the combined ending fund balances of \$12,413,843, \$691,208 constitutes unassigned fund balance deficits. The remainder of fund balance of \$13,105,051 is restricted or assigned for various purposes.

Proprietary Funds - As of the end of the current fiscal year, the School District's proprietary funds had \$523,149 in unrestricted net position.

CAPITAL ASSETS

The Galloway Township School District's investment in capital assets for its governmental and business-type activities as of June 30, 2016 amounts to \$30,982,373 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, and equipment. There was a net decrease in the Galloway Township School District's investment in capital assets for the current fiscal year of 4.91%. The net decrease was the result of depreciation. Table 4 reflects the capital assets.

TABLE 4
 Capital Assets

| Capital Assets (Net of Depreciation): | <u>June 30, 2016</u> | <u>June 30, 2015</u> |
|---------------------------------------|--------------------------|--------------------------|
| Land | \$ 3,471,769 | \$ 3,471,769 |
| Construction in Progress | 39,189.00 | |
| Land Improvements | 332,033 | 359,680 |
| Building and Improvements | 26,739,294 | 28,419,856 |
| Furniture, Fixtures and Equipment | <u>400,088</u> | <u>329,790</u> |
| Total Capital Assets | <u>\$ 30,982,373</u> | <u>\$ 32,581,096</u> |

Depreciation expense was \$1,875,072 for fiscal year ended 2016 and \$2,266,422 for fiscal year ended 2015.

DEBT ADMINISTRATION

Long-term Debt - At the end of the current fiscal year, the Galloway Township School District had total bonded debt outstanding of \$1,352,000. The entire Galloway Township School District's bonded debt is governmental as opposed to business-type. The 2016 adopted budget has an appropriation of \$1,554,000 representing the payment of the annual principal. The 2009 refunding bonds will mature on March 1, 2024.

GALLOWAY TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited) (Cont'd)

FACTORS ON THE DISTRICT'S FUTURE

For the 2015-2016 school year, the Galloway Township School District was able to sustain its budget through the township tax levy, federal aid, state aid and miscellaneous revenue sources. 45.57% of total revenue is from local tax levy and 52.23% percent of the Galloway Township School District's revenue is from federal and state aid (restricted and not restricted).

In conclusion, the Galloway Township Board of Education and Administration have committed themselves to financial excellence for many years. Additionally, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District will continue with sound fiscal management to meet the challenge of the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Galloway Township School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Joy N. Nixon, CPA, MBA, Business Administrator/ Board Secretary at the Galloway Township School District, 101 S. Reeds Road, Galloway, New Jersey 08205.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|-------------------------|
| ASSETS: | | | |
| Cash and Cash Equivalents | \$ 10,462,765.38 | \$ 796,108.83 | \$ 11,258,874.21 |
| Receivables, net | 1,367,056.56 | 116,413.08 | 1,483,469.64 |
| Restricted Cash and Cash Equivalents | 572,540.67 | | 572,540.67 |
| Inventory (Note 5) | | 24,902.91 | 24,902.91 |
| Capital Assets, net (Note 6) | <u>30,854,885.92</u> | <u>127,487.57</u> | <u>30,982,373.49</u> |
| Total Assets | <u>43,257,248.53</u> | <u>1,064,912.39</u> | <u>44,322,160.92</u> |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| Related to Pensions | <u>4,326,008.00</u> | <u>-</u> | <u>4,326,008.00</u> |
| LIABILITIES: | | | |
| Accounts Payable | 917,578.88 | 47,656.25 | 965,235.13 |
| Internal Balances | (215,190.19) | 215,190.19 | |
| Payable to Other Governments | 58,404.00 | | 58,404.00 |
| Accrued Interest | 22,168.33 | | 22,168.33 |
| Unearned Revenue | 21,021.75 | 15,958.27 | 36,980.02 |
| Noncurrent Liabilities (Note 7): | | | |
| Due within One Year | 626,455.37 | 27,094.21 | 653,549.58 |
| Due beyond One Year | <u>22,859,014.32</u> | <u>108,376.83</u> | <u>22,967,391.15</u> |
| Total Liabilities | <u>24,289,452.46</u> | <u>414,275.75</u> | <u>24,703,728.21</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Related to Pensions | <u>902,722.00</u> | <u>-</u> | <u>902,722.00</u> |
| NET POSITION: | | | |
| Net Investment in Capital Assets | 29,430,670.78 | 127,487.57 | 29,558,158.35 |
| Restricted for: | | | |
| Debt Service | 147,594.32 | | 147,594.32 |
| Capital Projects | 4,667,443.68 | | 4,667,443.68 |
| Special Revenue | 37,714.55 | | 37,714.55 |
| Other Purposes | 7,927,686.05 | | 7,927,686.05 |
| Unrestricted (Deficit) | <u>(19,820,027.31)</u> | <u>523,149.07</u> | <u>(19,296,878.24)</u> |
| Total Net Position | <u>\$ 22,391,082.07</u> | <u>\$ 650,636.64</u> | <u>\$ 23,041,718.71</u> |

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

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2016

| Functions / Programs | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | |
|--|-------------------------|------------------------|------------------------------------|---|-------------------------|--------------------------|-------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities: | | | | | | | |
| Instruction: | | | | | | | |
| Regular | \$ 16,118,409.83 | \$ 186,471.89 | | | \$ (15,931,937.95) | | \$ (15,931,937.95) |
| Special Education | 8,821,719.03 | 102,057.37 | \$ 1,834,526.64 | | (6,885,135.01) | | (6,885,135.01) |
| Other Special Instruction | 1,511,246.77 | | | | (1,511,246.77) | | (1,511,246.77) |
| Other Instruction | 92,185.96 | | | | (92,185.96) | | (92,185.96) |
| Tuition | 1,872,064.22 | | | | (1,872,064.22) | | (1,872,064.22) |
| Support Services: | | | 757,704.68 | | | | |
| Student and Instruction Related Services | 6,170,609.09 | | | | (5,412,904.41) | | (5,412,904.41) |
| School Administrative Services | 1,888,409.27 | | | | (1,888,409.27) | | (1,888,409.27) |
| Other Administrative Services | 1,660,478.62 | | | | (1,660,478.62) | | (1,660,478.62) |
| Plant Operations and Maintenance | 4,196,660.48 | | | | (4,196,660.48) | | (4,196,660.48) |
| Pupil Transportation | 3,631,093.94 | | | | (3,631,093.94) | | (3,631,093.94) |
| Unallocated Benefits | 13,033,888.29 | | 267,250.33 | | (12,766,637.96) | | (12,766,637.96) |
| Reimbursed TPAF and Social Security | 6,001,746.94 | | 6,001,746.94 | | | | |
| Transfer to Charter School | 46,631.00 | | | | (46,631.00) | | (46,631.00) |
| Interest on Long-Term Debt | 11,866.22 | | 49,552.11 | | (62,314.11) | | (62,314.11) |
| Unallocated Depreciation | 4,442.53 | | | | (4,442.53) | | (4,442.53) |
| Total Governmental Activities | 65,161,452.19 | 288,529.26 | 8,910,780.70 | - | (55,962,142.23) | - | (55,962,142.23) |
| Business-Type Activities: | | | | | | | |
| Food Service | 1,719,418.70 | 477,690.71 | 1,178,515.31 | | | \$ (63,212.68) | (63,212.68) |
| Childcare Program | 204,892.68 | 395,483.55 | | | | 190,590.87 | 190,590.87 |
| Gifted and Talented Consortium | 31,768.46 | 32,857.70 | | | | 1,089.24 | 1,089.24 |
| Community Education | 22,259.67 | 24,961.11 | | | | 2,701.44 | 2,701.44 |
| Total Business-Type Activities | 1,978,339.51 | 930,993.07 | 1,178,515.31 | - | - | 131,168.87 | 131,168.87 |
| Total Primary Government | \$ 67,139,791.70 | \$ 1,219,522.33 | \$ 10,089,296.01 | - | (55,962,142.23) | 131,168.87 | (55,830,973.36) |
| General Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property Taxes, Levied for General Purposes, net | | | | | 30,606,570.00 | | 30,606,570.00 |
| Taxes Levied for Debt Service | | | | | 859,841.00 | | 859,841.00 |
| Federal and State Aid not Restricted | | | | | 24,341,990.78 | | 24,341,990.78 |
| Federal and State Aid Restricted | | | | | 1,633,827.44 | | 1,633,827.44 |
| Miscellaneous Income | | | | | 296,839.81 | 1,240.81 | 298,080.62 |
| Extraordinary Item: | | | | | | | |
| Proceeds from Insurance Recovery | | | | | | 55,689.14 | 55,689.14 |
| Transfers and Cancellations | | | | | (7,095.73) | 7,095.73 | |
| Total General Revenues, Extraordinary Items and Transfers | | | | | 57,731,973.30 | 64,025.68 | 57,795,998.98 |
| Change in Net Position | | | | | 1,769,831.07 | 195,194.55 | 1,965,025.62 |
| Net Position -- July 1 | | | | | 20,621,251.00 | 455,442.09 | 21,076,693.09 |
| Net Position -- June 30 | | | | | \$ 22,391,082.07 | \$ 650,636.64 | \$ 23,041,718.71 |

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

FUND FINANCIAL STATEMENTS

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

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|---|-------------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| ASSETS: | | | | | |
| Cash and Cash Equivalents | \$ 10,462,765.38 | | \$ 403,539.68 | \$ 169,000.99 | \$ 11,035,306.05 |
| Receivables, net: | | | | | |
| Interfunds Receivable: | | | | | |
| Food Service Fund | 209,882.63 | | | | 209,882.63 |
| Child Care | 5,044.96 | | | | 5,044.96 |
| Gifted and Talented Consortium | 262.60 | | | | 262.60 |
| Special Revenue Fund | 346,494.54 | | | | 346,494.54 |
| Receivables from Other Governments: | | | | | |
| State of NJ -- FICA | 89,116.87 | | | | 89,116.87 |
| State of NJ -- Extraordinary Aid | 409,466.00 | | | | 409,466.00 |
| State of NJ -- Non-Public Transportation | 41,586.00 | | | | 41,586.00 |
| State of NJ -- Homeless Aid | 3,224.00 | | | | 3,224.00 |
| State of NJ -- Non-Public Home Instruction | | \$ 8,447.00 | | | 8,447.00 |
| Federal Grants | 151,178.89 | 459,087.80 | | | 610,266.69 |
| Other Receivables | 204,183.50 | 766.50 | | | 204,950.00 |
| Total Assets | \$ 11,923,205.37 | \$ 468,301.30 | \$ 403,539.68 | \$ 169,000.99 | \$ 12,964,047.34 |
| LIABILITIES AND FUND BALANCES: | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$ 119,617.42 | \$ 4,666.46 | | | \$ 124,283.88 |
| Interfunds Payable: | | | | | |
| General Fund | | 346,494.54 | | | 346,494.54 |
| Payable to State Government | | 58,404.00 | | | 58,404.00 |
| Unearned Revenue | | 21,021.75 | | | 21,021.75 |
| Total Liabilities | 119,617.42 | 430,586.75 | - | - | 550,204.17 |
| Fund Balances: | | | | | |
| Restricted: | | | | | |
| Capital Reserve Account | 3,935,890.00 | | | | 3,935,890.00 |
| Capital Reserve Account - Designated for Subsequent Year's Expenditures | 328,014.00 | | | | 328,014.00 |
| Maintenance Reserve | 2,147,622.24 | | | | 2,147,622.24 |
| Maintenance Reserve - Designated for Subsequent Year's Expenditures | 586,148.00 | | | | 586,148.00 |
| Emergency Reserve | 315,633.60 | | | | 315,633.60 |
| Excess Surplus | 2,196,874.00 | | | | 2,196,874.00 |
| Excess Surplus -- Designated for Subsequent Year's Expenditures | 2,198,744.46 | | | | 2,198,744.46 |
| Capital Projects - Designated for Subsequent Year's Expenditures | | | \$ 403,539.68 | | 403,539.68 |
| Special Revenue | | 37,714.55 | | | 37,714.55 |
| Debt Service | | | | \$ 26,814.99 | 26,814.99 |
| Debt Service -- Designated for Subsequent Year's Expenditures | | | | 142,186.00 | 142,186.00 |
| Assigned: | | | | | |
| Other Purposes | 296,044.01 | | | | 296,044.01 |
| Subsequent Year's Expenditures | 392,131.22 | | | | 392,131.22 |
| SEMI Cost Settlement 7/1/13 - 6/30/14 -- Designated for Subsequent Year's Expenditures | 38,024.16 | | | | 38,024.16 |
| ARRA / SEMI 10/1/08 - 12/31/10 -- Designated for Subsequent Year's Expenditures | 59,670.32 | | | | 59,670.32 |
| Unassigned (Deficit) | (691,208.06) | | | | (691,208.06) |
| Total Fund Balances | 11,803,587.95 | 37,714.55 | 403,539.68 | 169,000.99 | 12,413,843.17 |
| Total Liabilities and Fund Balances | \$ 11,923,205.37 | \$ 468,301.30 | \$ 403,539.68 | \$ 169,000.99 | |

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

| | |
|--|-------------------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$62,414,900.19 and the accumulated depreciation is \$31,560,014.27. | 30,854,885.92 |
| Long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds. | (23,485,469.69) |
| Accrued interest on bonds payable and capital leases is not due and payable in the current period and therefore are not reported as liabilities in the funds. | (22,168.33) |
| Accounts Payable related to the April 1, 2017 Required PERS pension contribution that is not to be liquidated with current financial resources. | (793,295.00) |
| Deferred Outflows of Resources - Related to Pensions | 4,326,008.00 |
| Deferred Inflows of Resources - Related to Pensions | (902,722.00) |
| Net position of governmental activities | \$ 22,391,082.07 |

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

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

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|--|-------------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| REVENUES: | | | | | |
| Local Tax Levy | \$ 30,606,570.00 | | | \$ 859,841.00 | \$ 31,466,411.00 |
| Tuition Charges | 288,529.26 | | | | 288,529.26 |
| Miscellaneous | 296,839.81 | \$ 26,956.34 | | | 323,796.15 |
| State Sources | 30,111,176.94 | 379,651.68 | \$ 1,009,861.00 | 652,807.00 | 32,153,496.62 |
| Federal Sources | 232,560.78 | 2,473,585.18 | | | 2,706,145.96 |
| Total Revenues | 61,535,676.79 | 2,880,193.20 | 1,009,861.00 | 1,512,648.00 | 66,938,378.99 |
| EXPENDITURES: | | | | | |
| Regular Instruction | 14,772,242.99 | | | | 14,772,242.99 |
| Special Education Instruction | 6,250,425.81 | 1,834,526.64 | | | 8,084,952.45 |
| Other Special Instruction | 1,511,246.77 | | | | 1,511,246.77 |
| Other Instruction | 92,185.96 | | | | 92,185.96 |
| Tuition | 1,872,064.22 | | | | 1,872,064.22 |
| Support Services and Undistributed Costs: | | | | | |
| Student and Instruction Related Services | 5,405,081.16 | 757,704.68 | | | 6,162,785.84 |
| School Administrative Services | 1,837,883.36 | | | | 1,837,883.36 |
| Other Administrative Services | 1,679,821.37 | | | | 1,679,821.37 |
| Plant Operations and Maintenance | 4,082,544.45 | | | | 4,082,544.45 |
| Pupil Transportation | 3,631,093.94 | | | | 3,631,093.94 |
| Unallocated Benefits | 12,139,383.96 | 267,250.33 | | | 12,406,634.29 |
| Reimbursed TPAF Pension and Social Security | 6,001,746.94 | | | | 6,001,746.94 |
| Debt Service: | 46,631.00 | | | | 46,631.00 |
| Principal | | | | 1,554,000.00 | 1,554,000.00 |
| Interest and Other Charges | | | | 127,647.50 | 127,647.50 |
| Capital Outlay | 100,336.92 | | 136,237.00 | | 236,573.92 |
| Total Expenditures | 59,422,688.85 | 2,859,481.65 | 136,237.00 | 1,681,647.50 | 64,100,055.00 |
| Excess (Deficiency) of Revenues over Expenditures | 2,112,987.94 | 20,711.55 | 873,624.00 | (168,999.50) | 2,838,323.99 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Operating Transfer from Capital Projects Fund | | | (169,000.00) | | (169,000.00) |
| Operating Transfer -- Capital Projects Fund to Capital Reserve | 1,009,861.00 | | | | 1,009,861.00 |
| Operating Transfer -- Capital Reserve to Capital Projects Fund | (502,255.00) | | 502,255.00 | | |
| Operating Transfer Out to Food Service Fund -- Transfer to Cover Deficit | (7,095.73) | | | | (7,095.73) |
| Total Other Financing Sources and Uses | 500,510.27 | - | (676,606.00) | 169,000.00 | (7,095.73) |
| Net Change in Fund Balances | 2,613,498.21 | 20,711.55 | 197,018.00 | 0.50 | 2,831,228.26 |
| Fund Balance (Deficit)-- July 1 | 9,190,089.74 | 17,003.00 | 206,521.68 | 169,000.49 | 9,582,614.91 |
| Fund Balance (Deficit) -- June 30 | \$ 11,803,587.95 | \$ 37,714.55 | \$ 403,539.68 | \$ 169,000.99 | \$ 12,413,843.17 |

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

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

| | | |
|---|-------------------|------------------------|
| Total Net Change in Fund Balances - Governmental Funds | | \$ 2,831,228.26 |
| Amounts reported for governmental activities in the statement of activities (A-2) are different because: | | |
| Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period. | | |
| Depreciation Expense | \$ (1,875,072.14) | |
| Capital Outlays | <u>236,573.92</u> | |
| | | (1,638,498.22) |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. | | 1,554,000.00 |
| Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. | | 20,514.97 |
| In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest adjustment is an addition in the reconciliation. (+) | | 26,117.19 |
| Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the difference in the treatment of the long-term debt related items. | | |
| Amortization of Loss on Refunding Bonds | | (59,125.98) |
| Amortization of Bond Premiums | | 49,148.10 |
| In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). | | (386,299.25) |
| Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period. | | <u>(627,254.00)</u> |
| Change in Net Position of Governmental Activities | | <u>\$ 1,769,831.07</u> |

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

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Combining Statement of Net Position
 Proprietary Fund
 June 30, 2016

| | <u>Food Service</u> | <u>Child Care Program</u> | <u>Gifted and Talented Consortium</u> | <u>Community Education</u> | <u>Total</u> |
|-----------------------------------|---------------------|---------------------------|---------------------------------------|----------------------------|----------------------|
| ASSETS: | | | | | |
| Current Assets: | | | | | |
| Cash and Cash Equivalents | \$ 141,142.63 | \$ 524,895.58 | \$ 68,100.53 | \$ 61,970.09 | \$ 796,108.83 |
| Accounts Receivable: | | | | | |
| Federal | 51,157.46 | | | | 51,157.46 |
| State | 821.59 | | | | 821.59 |
| Other | 63,856.03 | 578.00 | | | 64,434.03 |
| Inventories | 24,902.91 | | | | 24,902.91 |
| Total Current Assets | <u>281,880.62</u> | <u>525,473.58</u> | <u>68,100.53</u> | <u>61,970.09</u> | <u>937,424.82</u> |
| Noncurrent Assets: | | | | | |
| Capital Assets: | | | | | |
| Furniture, Fixtures and Equipment | 642,435.96 | | | | 642,435.96 |
| Less Accumulated Depreciation | (514,948.39) | | | | (514,948.39) |
| Total Noncurrent Assets | <u>127,487.57</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>127,487.57</u> |
| Total Assets | <u>409,368.19</u> | <u>525,473.58</u> | <u>68,100.53</u> | <u>61,970.09</u> | <u>1,064,912.39</u> |
| LIABILITIES: | | | | | |
| Current Liabilities: | | | | | |
| Interfund Accounts Payable: | | | | | |
| Due General Fund | 209,882.63 | 5,044.96 | 262.60 | | 215,190.19 |
| Compensated Absences | 27,094.21 | | | | 27,094.21 |
| Accounts Payable | 47,656.25 | | | | 47,656.25 |
| Unearned Revenue | 15,958.27 | | | | 15,958.27 |
| | <u>300,591.36</u> | <u>5,044.96</u> | <u>262.60</u> | <u>-</u> | <u>305,898.92</u> |
| Noncurrent Liabilities: | | | | | |
| Compensated Absences | 108,376.83 | | | | 108,376.83 |
| Total Liabilities | <u>408,968.19</u> | <u>5,044.96</u> | <u>262.60</u> | <u>-</u> | <u>414,275.75</u> |
| NET POSITION: | | | | | |
| Net Investment in Capital Assets | 127,487.57 | | | | 127,487.57 |
| Unrestricted | (127,087.57) | 520,428.62 | 67,837.93 | 61,970.09 | 523,149.07 |
| Total Net Position | <u>\$ 400.00</u> | <u>\$ 520,428.62</u> | <u>\$ 67,837.93</u> | <u>\$ 61,970.09</u> | <u>\$ 650,636.64</u> |

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

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

| | <u>Food Service</u> | <u>Child Care Program</u> | <u>Gifted and Talented Consortium</u> | <u>Community Education</u> | <u>Total</u> |
|---|-------------------------|-------------------------------|---|--------------------------------|-----------------------|
| OPERATING REVENUES: | | | | | |
| Charges for Services: | | | | | |
| Daily Sales - Reimbursable Programs: | | | | | |
| School Lunch Program | \$ 269,219.36 | | | | \$ 269,219.36 |
| School Breakfast Program | 30,271.75 | | | | 30,271.75 |
| Daily Sales - Non-Reimbursable Programs | 168,027.60 | | | | 168,027.60 |
| Special Functions | 10,172.00 | | | | 10,172.00 |
| Community Service Activities | | \$ 395,483.55 | \$ 32,857.70 | \$ 24,961.11 | 453,302.36 |
| Total Operating Revenues | 477,690.71 | 395,483.55 | 32,857.70 | 24,961.11 | 930,993.07 |
| OPERATING EXPENSES: | | | | | |
| Salaries | 773,396.96 | 180,881.60 | 27,829.00 | 17,133.96 | 999,241.52 |
| Employee Benefits | 260,389.61 | 13,454.95 | 2,128.92 | 1,310.75 | 277,284.23 |
| Purchased Property Services | 41,766.39 | | | | 41,766.39 |
| General Supplies | 37,678.82 | 10,010.65 | 1,810.54 | 3,699.96 | 53,199.97 |
| Depreciation | 15,913.02 | | | | 15,913.02 |
| Cost of Sales - Reimbursable Programs | 525,614.88 | | | | 525,614.88 |
| Cost of Sales - Non-Reimbursable Programs | 63,069.31 | | | | 63,069.31 |
| Miscellaneous | 1,589.71 | 545.48 | | 115.00 | 2,250.19 |
| Total Operating Expenses | 1,719,418.70 | 204,892.68 | 31,768.46 | 22,259.67 | 1,978,339.51 |
| Operating Income / (Loss) | (1,241,727.99) | 190,590.87 | 1,089.24 | 2,701.44 | (1,047,346.44) |
| NONOPERATING REVENUES (EXPENSES): | | | | | |
| State Sources: | | | | | |
| State School Lunch Program | 17,648.33 | | | | 17,648.33 |
| Federal Sources: | | | | | |
| National School Lunch Program | 820,679.77 | | | | 820,679.77 |
| National School Breakfast Program | 225,864.23 | | | | 225,864.23 |
| After School Snack Program | 16,070.04 | | | | 16,070.04 |
| Summer Food Service Program for Children | 11,291.21 | | | | 11,291.21 |
| Food Distribution Program | 86,961.73 | | | | 86,961.73 |
| Interest Revenue | 427.81 | 632.71 | 108.88 | 71.41 | 1,240.81 |
| Total Nonoperating Revenues (Expenses) | 1,178,943.12 | 632.71 | 108.88 | 71.41 | 1,179,756.12 |
| Income (Loss) before Extraordinary Items and Transfers | (62,784.87) | 191,223.58 | 1,198.12 | 2,772.85 | 132,409.68 |
| Extraordinary Items: | | | | | |
| Proceeds from Insurance Recovery | 55,689.14 | | | | 55,689.14 |
| Transfers In: | | | | | |
| General Fund Transfer to Cover Deficit | 7,095.73 | | | | 7,095.73 |
| Total Extraordinary Items and Transfers: | 62,784.87 | - | - | - | 62,784.87 |
| Change in Net Position | - | 191,223.58 | 1,198.12 | 2,772.85 | 195,194.55 |
| Net Position -- July 1 | 400.00 | 329,205.04 | 66,639.81 | 59,197.24 | 455,442.09 |
| Net Position -- June 30 | \$ 400.00 | \$ 520,428.62 | \$ 67,837.93 | \$ 61,970.09 | \$ 650,636.64 |

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

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
Combining Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2016

| | Food Service | Child Care Program | Gifted and Talented Consortium | Community Education | Total |
|---|--------------------------|-----------------------|--------------------------------------|------------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Receipts from Customers | \$ 487,768.65 | \$ 396,331.06 | \$ 32,857.70 | \$ 24,961.11 | \$ 941,918.52 |
| Payments to Employees | (745,055.97) | (180,881.60) | (27,829.00) | (17,133.96) | (970,900.53) |
| Payments for Employee Benefits | (260,389.61) | (13,454.95) | (2,128.92) | (1,310.75) | (277,284.23) |
| Payments to Suppliers | (675,235.12) | (10,556.13) | (1,810.54) | (3,814.96) | (691,416.75) |
| Net Cash Provided by (used for) Operating Activities | <u>(1,192,912.05)</u> | <u>191,438.38</u> | <u>1,089.24</u> | <u>2,701.44</u> | <u>(997,682.99)</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | | | | |
| State Sources | 18,035.22 | | | | 18,035.22 |
| Federal Sources | 1,177,176.72 | | | | 1,177,176.72 |
| Operating Subsidies and Transfers to Other Funds | 41,868.00 | 4,654.59 | (70.94) | (9,635.11) | 36,816.54 |
| Net Cash Provided by (used for) Non-Capital Financing Activities | <u>1,237,079.94</u> | <u>4,654.59</u> | <u>(70.94)</u> | <u>(9,635.11)</u> | <u>1,232,028.48</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Purchases of Capital Assets | (8,032.89) | - | - | - | (8,032.89) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Interest Revenue | 427.81 | 632.71 | 108.88 | 71.41 | 1,240.81 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 36,562.81 | 196,725.68 | 1,127.18 | (6,862.26) | 227,553.41 |
| Cash and Cash Equivalents -- July 1 | 104,579.82 | 328,169.90 | 66,973.35 | 68,832.35 | 568,555.42 |
| Cash and Equivalents -- June 30 | <u>\$ 141,142.63</u> | <u>\$ 524,895.58</u> | <u>\$ 68,100.53</u> | <u>\$ 61,970.09</u> | <u>\$ 796,108.83</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | |
| Operating Income (Loss) | \$ (1,241,727.99) | \$ 190,590.87 | \$ 1,089.24 | \$ 2,701.44 | \$ (1,047,346.44) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities: | | | | | |
| Depreciation and Net Amortization | 15,913.02 | | | | 15,913.02 |
| (Increase) Decrease in Accounts Receivable, net | 9,705.55 | 847.51 | | | 10,553.06 |
| (Increase) Decrease in Inventories | (5,516.01) | | | | (5,516.01) |
| Increase (Decrease) in Unearned Revenue | 372.39 | | | | 372.39 |
| Increase (Decrease) in Accrued Salaries Benefits | 28,340.99 | | | | 28,340.99 |
| Total Adjustments | <u>48,815.94</u> | <u>847.51</u> | <u>-</u> | <u>-</u> | <u>49,663.45</u> |
| Net Cash Provided by (used for) Operating Activities | <u>\$ (1,192,912.05)</u> | <u>\$ 191,438.38</u> | <u>\$ 1,089.24</u> | <u>\$ 2,701.44</u> | <u>\$ (997,682.99)</u> |

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

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2016

| | Private Purpose Trust Fund | Agency Funds | | Total |
|---------------------------------------|---------------------------------------|---------------------|----------------------|----------------------|
| | Unemployment Compensation Trust | Student Activity | Payroll | |
| ASSETS: | | | | |
| Cash and Cash Equivalents | \$ 152,970.40 | \$ 84,539.91 | \$ 304,785.78 | \$ 542,296.09 |
| Interfund Accounts Receivable: | | | | |
| Due Unemployment Trust Fund | | | 6.67 | 6.67 |
| Total Assets | <u>152,970.40</u> | <u>\$ 84,539.91</u> | <u>\$ 304,792.45</u> | <u>542,302.76</u> |
| LIABILITIES: | | | | |
| Payable to Student Groups | | \$ 84,539.91 | | 84,539.91 |
| Accounts Payable | 599.14 | | | 599.14 |
| Interfund Accounts Payable: | | | | |
| Due Payroll Fund | 6.67 | | | 6.67 |
| Payroll Deductions and Withholdings | | | \$ 304,792.45 | 304,792.45 |
| Total Liabilities | <u>605.81</u> | <u>\$ 84,539.91</u> | <u>\$ 304,792.45</u> | <u>389,938.17</u> |
| NET POSITION: | | | | |
| Held in Trust for Unemployment Claims | <u>152,364.59</u> | | | <u>152,364.59</u> |
| Total Net Position | <u>\$ 152,364.59</u> | | | <u>\$ 152,364.59</u> |

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

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

| | <u>Private Purpose Trust Fund</u> <u>Unemployment Compensation Trust</u> |
|-----------------------------|---|
| ADDITIONS: | |
| Payroll Deductions Withheld | \$ 55,227.70 |
| Investment Earnings: | |
| Interest | 159.84 |
| Total Additions | <u>55,387.54</u> |
| DEDUCTIONS: | |
| Unemployment Claims | <u>33,683.52</u> |
| Change in Net Position | 21,704.02 |
| Net Position -- July 1 | <u>130,660.57</u> |
| Net Position -- June 30 | <u><u>\$ 152,364.59</u></u> |

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

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Galloway School District (the "School District") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Description of the Financial Reporting Entity

The School District is a Type II district located in the County of Atlantic, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades Pre K through eight at its six schools. The School District has an approximate enrollment at June 30, 2016 of 3,299.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards*, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control.

Component Units

In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic, but not the only criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

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

Based upon the application of these criteria, the School District has determined that the component unit listed below is not significant and, therefore, has not been included in the basic financial statements:

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

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

Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Property taxes are recognized as revenues in the year for which they are levied. The Atlantic County Board of Taxation is responsible for the assessment of properties, and the respective municipal tax collector is responsible for the collection of property taxes. Assessments are certified and property taxes are levied on January 1. Property tax payments are due February 1, May 1, August 1 and November 1. Unpaid property taxes are considered delinquent the following January 1 and are then subject to municipal lien. In accordance with New Jersey State Statute, the School District is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable. The governing body of each municipality is required to pay over to the School District, within forty (40) days after the beginning of the school year, twenty percent (20%) of the moneys from school tax due. Thereafter, but prior to the last day of the school year, the municipality must pay the balance of moneys from school tax due for school purposes in such amounts as requested, with certain limitations, from time to time by the School District, within thirty days after each request.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are deemed both available and measurable. Available means when revenues are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal year. Measurable means that the amount of revenue can be determined. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, tuition, reimbursable-type grants, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the School District.

The School District reports the following major governmental funds:

General Fund - The general fund is the primary operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America, as they pertain to governmental entities, state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, ad valorem tax revenues, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

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

The School District reports the following major governmental funds (cont'd):

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

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

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

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

The School District reports the following major proprietary funds:

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

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

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

Community Education Fund - This fund accounts for financial activity related to providing educational services to residents in the school district.

Additionally, the School District reports the following fund types:

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

The School District maintains the following fiduciary funds:

Agency Funds - Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). The School District retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District maintains the following agency funds: student activity fund and payroll fund.

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

The School District maintains the following fiduciary funds (cont'd):

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes.

Budgets / Budgetary Control

Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds, and are submitted to the county office of education. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012, to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(f)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only, and the special revenue fund. N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

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

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

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

Encumbrances

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

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

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

Cash, Cash Equivalents and Investments

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

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

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

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

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

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

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased.

Tuition Receivable

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

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

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

Short-Term Interfund Receivables / Payables

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

Capital Assets

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

The School District's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

| <u>Description</u> | <u>Estimated Lives</u> |
|-----------------------------------|------------------------|
| Furniture, Fixtures and Equipment | 3 - 15 Years |
| Buildings and Improvements | 15 - 50 Years |
| Land Improvements | 15 Years |

The School District does not possess any infrastructure assets.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Deferred Outflows and Deferred Inflows of Resources**

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The School District is required to report the following as deferred outflows of resources and deferred inflows of resources:

Defined Benefit Pension Plans - The difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the School District's proportion of expenses and liabilities to the pension as a whole, differences between the School District's pension contribution and its proportionate share of contributions, and the School District's pension contributions subsequent to the pension valuation measurement date.

In addition, the School District reports the following as deferred outflows of resources:

Loss on Refunding of Debt - The loss on refunding arising from the issuance of refunding bonds, which is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense.

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2016 and 2015 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Unearned Revenue

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

Accrued Salaries and Wages

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2016, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

Compensated Absences

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

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

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

Accrued Liabilities and Long-Term Obligations

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

Pensions

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

Bond Discounts / Premiums

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

Net Position

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

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

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

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

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

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

Fund Balance

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

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

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

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

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

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

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

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

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

Accounting Estimates

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

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

For the fiscal year ended June 30, 2016, the School District adopted GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The adoption of this Statement had no impact on the basic financial statements of the School District.

In addition, the School District adopted GASB 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*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The adoption of this Statement had no impact on the basic financial statements of the School District.

Lastly, the School District adopted GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The adoption of this Statement had no impact on the basic financial statements of the School District.

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

The GASB has issued the following Statements during the fiscal year ended June 30, 2016 which will become effective in future fiscal years as shown below:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the School District in fiscal year 2018. Management has not yet determined the impact of this Statement on the basic financial statements of the School District.

Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement will become effective for the School District in fiscal year 2018. Management does not expect this Statement will have an impact on the basic financial statements of the School District.

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

Statement No. 82, *Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Statement will become effective for the School District in fiscal year 2017. Management does not expect this Statement will have a material impact on the basic financial statements of the School District.

Note 2: CASH AND CASH EQUIVALENTS

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

As of June 30, 2016, the School District's bank balances of \$14,398,673.64 were exposed to custodial credit risk as follows:

| | |
|--------------------------------|-------------------------|
| Insured by FDIC and GUDPA | \$ 14,232,953.36 |
| Uninsured and Uncollateralized | <u>165,720.28</u> |
| Total | <u>\$ 14,398,673.64</u> |

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District by inclusion of \$1.00 on September 1, 2016 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

Note 3: CAPITAL RESERVE ACCOUNT (CONT'D)

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

| | | |
|---------------------------------------|-----------------|------------------------|
| Beginning Balance, July 1, 2015 | | \$ 2,752,919.68 |
| Increased by: | | |
| Transfer per June 27, 2016 Resolution | \$ 1,000,000.00 | |
| Transfer from Capital Projects Fund | 1,009,861.00 | |
| Interest Earnings | <u>3,378.32</u> | |
| | | <u>2,013,239.32</u> |
| | | 4,766,159.00 |
| Decreased by: | | |
| Withdrawals | | <u>502,255.00</u> |
| Ending Balance, June 30, 2016 | | <u>\$ 4,263,904.00</u> |

As of June 30, 2016, the balance in the capital reserve account is \$4,263,904.00. Of this amount, \$328,014.00 has been appropriated as an item of revenue in the fiscal 2016-17 budget. The June 30, 2016 LRFP balance of local support costs of uncompleted projects at June 30, 2016 is \$4,800,519.37. The withdrawals from the capital reserve were for use in a Department of Education approved facilities projects, consistent with the School District's LRFP.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016 consisted of accounts (fees for services), intergovernmental awards / grants. All receivables are considered collectible in full due to the stable condition of federal and state programs, the current fiscal year guarantee of federal funds, and the regulated budgetary control of governmental entities in New Jersey.

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

| Description | Governmental Funds | | | Proprietary Funds | | | Total |
|----------------|----------------------|----------------------|-------------------------------|----------------------|------------------|--------------------------------|------------------------|
| | General Fund | Special Revenue Fund | Total Governmental Activities | Food Service Fund | Child Care Fund | Total Business-Type Activities | |
| Federal Awards | \$ 151,178.89 | \$ 459,087.80 | \$ 610,266.69 | \$ 51,157.46 | | \$ 51,157.46 | \$ 661,424.15 |
| State Awards | 543,392.87 | 8,447.00 | 551,839.87 | 821.59 | | 821.59 | 552,661.46 |
| Other | 204,183.50 | <u>766.50</u> | 204,950.00 | 63,856.03 | \$ 578.00 | <u>64,434.03</u> | <u>269,384.03</u> |
| | <u>\$ 898,755.26</u> | <u>\$ 468,301.30</u> | <u>\$ 1,367,056.56</u> | <u>\$ 115,835.08</u> | <u>\$ 578.00</u> | <u>\$ 116,413.08</u> | <u>\$ 1,483,469.64</u> |

Note 5: INVENTORY

Inventory recorded at June 30, 2016 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

| | |
|----------|---------------------|
| Food | \$ 16,620.54 |
| Supplies | <u>8,282.37</u> |
| | <u>\$ 24,902.91</u> |

Note 6: CAPITAL ASSETS

Capital asset activity for governmental activities the fiscal year ended June 30, 2016 is as follows:

| | <u>Balance July 1, 2015</u> | <u>Additions</u> | <u>Retirements and Transfers</u> | <u>Balance June 30, 2016</u> |
|--|---------------------------------|--------------------------|--------------------------------------|----------------------------------|
| Governmental Activities: | | | | |
| Capital Assets, not being Depreciated: | | | | |
| Land | \$ 3,471,768.96 | | | \$ 3,471,768.96 |
| Construction in Progress | | \$ 39,189.00 | | 39,189.00 |
| Total Capital Assets, not being Depreciated | <u>3,471,768.96</u> | <u>39,189.00</u> | <u>-</u> | <u>3,510,957.96</u> |
| Capital Assets, being Depreciated: | | | | |
| Furniture, Fixtures and Equipment | 1,431,953.82 | 33,536.92 | | 1,465,490.74 |
| Buildings and Improvements | 56,792,201.50 | 163,848.00 | | 56,956,049.50 |
| Land Improvements | 482,401.99 | | | 482,401.99 |
| Total Capital Assets, being Depreciated | <u>58,706,557.31</u> | <u>197,384.92</u> | <u>-</u> | <u>58,903,942.23</u> |
| Total Capital Assets, Cost | <u>62,178,326.27</u> | <u>236,573.92</u> | <u>-</u> | <u>62,414,900.19</u> |
| Less Accumulated Depreciation for: | | | | |
| Furniture, Fixtures and Equipment | (1,189,874.89) | (3,015.58) | | (1,192,890.47) |
| Buildings and Improvements | (28,372,345.48) | (1,844,409.59) | | (30,216,755.07) |
| Land Improvements | (122,721.76) | (27,646.97) | | (150,368.73) |
| Total Accumulated Depreciation | <u>(29,684,942.13)</u> | <u>(1,875,072.14)</u> | <u>-</u> | <u>(31,560,014.27)</u> |
| Total Capital Assets, being Depreciated, Net | <u>29,021,615.18</u> | <u>(1,677,687.22)</u> | <u>-</u> | <u>27,343,927.96</u> |
| Governmental Activities Capital Assets, Net | <u>\$32,493,384.14</u> | <u>\$ (1,638,498.22)</u> | <u>-</u> | <u>\$30,854,885.92</u> |

Capital asset activity for business-type activities the fiscal year ended June 30, 2016 is as follows:

| | <u>Balance July 1, 2015</u> | <u>Additions</u> | <u>Retirements and Transfers</u> | <u>Balance June 30, 2016</u> |
|--|---------------------------------|---------------------|--------------------------------------|----------------------------------|
| Business-Type Activities: | | | | |
| Capital Assets, being Depreciated: | | | | |
| Furniture, Fixtures and Equipment | \$ 592,796.82 | \$ 55,689.14 | \$ (6,050.00) | \$ 642,435.96 |
| Less Accumulated Depreciation for: | | | | |
| Furniture, Fixtures and Equipment | (505,085.37) | (15,913.02) | 6,050.00 | (514,948.39) |
| Business-Type Activities Capital Assets, Net | <u>\$ 87,711.45</u> | <u>\$ 39,776.12</u> | <u>-</u> | <u>\$ 127,487.57</u> |

Note 6: CAPITAL ASSETS (CONT'D)

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

Governmental Activities:

| | |
|--|-----------------|
| Instruction | \$ 1,696,634.17 |
| Support Service Instructional Staff | 7,823.25 |
| General and Business Administrative Services | 1,530.25 |
| School Administration | 50,525.91 |
| Plant Operations and Maintenance | 114,116.03 |
| Unallocated | 4,442.53 |

| | |
|--|------------------------|
| Total Depreciation Expense - Governmental Activities | <u>\$ 1,875,072.14</u> |
|--|------------------------|

Note 7: LONG-TERM LIABILITIES

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

| Governmental Activities: | Balance July 1, 2015 | Additions | Reductions | Balance June 30, 2016 | Due within One Year |
|---|---------------------------------|------------------------|--------------------------|----------------------------------|--------------------------------|
| Bonds Payable: | | | | | |
| General Obligation Bonds | \$ 2,906,000.00 | | \$ (1,554,000.00) | \$ 1,352,000.00 | \$ 169,000.00 |
| Adjusted by: | | | | | |
| Bond Premiums | 77,719.54 | | (49,148.10) | 28,571.44 | 3,571.43 |
| Total Bonds Payable | <u>2,983,719.54</u> | <u>-</u> | <u>(1,603,148.10)</u> | <u>1,380,571.44</u> | <u>172,571.43</u> |
| Other Liabilities: | | | | | |
| Net Pension Liability | 17,283,426.00 | \$ 5,952,062.00 | (3,336,782.00) | 19,898,706.00 | |
| Obligations under Capital Lease | 64,158.67 | | (20,514.97) | 43,643.70 | 21,374.23 |
| Compensated Absences | 1,776,249.30 | 741,549.11 | (355,249.86) | 2,162,548.55 | 432,509.71 |
| Total Other Liabilities | <u>19,123,833.97</u> | <u>6,693,611.11</u> | <u>(3,712,546.83)</u> | <u>22,104,898.25</u> | <u>453,883.94</u> |
| Governmental Activity Long-Term Liabilities | <u>\$ 22,107,553.51</u> | <u>\$ 6,693,611.11</u> | <u>\$ (5,315,694.93)</u> | <u>\$ 23,485,469.69</u> | <u>\$ 626,455.37</u> |

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

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

| Business-Type Activities: | Balance July 1, 2015 | Additions | Reductions | Balance June 30, 2016 | Due within One Year |
|----------------------------------|---------------------------------|------------------|-------------------|----------------------------------|--------------------------------|
| Other Liabilities: | | | | | |
| Compensated Absences | \$ 107,130.05 | \$ 49,767.00 | \$ (21,426.01) | \$ 135,471.04 | \$ 27,094.21 |

Compensated absences are liquidated by the food service fund.

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

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

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

Principal and interest due on bonds outstanding is as follows:

| <u>Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------|------------------------|----------------------|------------------------|
| 2017 | \$ 169,000.00 | \$ 64,220.00 | \$ 233,220.00 |
| 2018 | 169,000.00 | 56,192.50 | 225,192.50 |
| 2019 | 169,000.00 | 48,165.00 | 217,165.00 |
| 2020 | 169,000.00 | 40,137.50 | 209,137.50 |
| 2021 | 169,000.00 | 32,110.00 | 201,110.00 |
| 2022-24 | 507,000.00 | 48,165.00 | 555,165.00 |
| | <u>\$ 1,352,000.00</u> | <u>\$ 288,990.00</u> | <u>\$ 1,640,990.00</u> |

Bonds Authorized but not Issued - As of June 30, 2016, the School District had no authorizations to issue additional bonded debt.

Obligations under Capital Lease - The School District is leasing copiers and computer equipment totaling \$107,051.14 under capital lease. The capital lease is for a term of five years. Capital leases are depreciated in a manner consistent with the School District's depreciation policy for owned assets.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2016.

| <u>Fiscal Year</u> <u>Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|---------------------|--------------------|---------------------|
| 2017 | \$ 21,374.23 | \$ 1,827.99 | \$ 23,202.22 |
| 2018 | 22,269.47 | 932.75 | 23,202.22 |
| | <u>\$ 43,643.70</u> | <u>\$ 2,760.74</u> | <u>\$ 46,404.44</u> |

Compensated Absences - As previously stated, compensated absences will be paid from the fund from which the employees' salaries are paid. Refer to note 14 for a description of the School District's policy.

Net Pension Liability - For details on the net pension liability, refer to note 9. The School District's annual required contribution to the Public Employees' Retirement System are budgeted and paid from the general fund on an annual basis.

Note 8: OPERATING LEASES

At June 30, 2016, the School District had operating lease agreements in effect for copy machines and a modular facility. The present value of the future minimum rental payments under the operating lease agreements are as follows:

| <u>Fiscal Year</u> <u>Ending June 30,</u> | <u>Amount</u> |
|--|---------------------|
| 2017 | \$ 27,754.56 |
| 2018 | 22,504.56 |
| 2019 | 1,125.76 |
| | <u>\$ 51,384.88</u> |

Note 9: PENSION PLANS

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), which are administered by the New Jersey Division of Pensions and Benefits (the "Division"). In addition, several School District employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for the Division. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<http://www.nj.gov/treasury/pensions>

General Information about the Pension Plans**Plan Descriptions**

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey (the "State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

Public Employees' Retirement System - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the School District, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program is a multiple-employer defined contribution pension fund established on July 1, 2007 under the provisions of Chapter 92, P.L. 2007, and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.). The DCRP is a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) § 401(a) et seq., and is a "governmental plan" within the meaning of IRC § 414(d). The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees enrolled in SPRS or PFRS after May 21, 2010, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010 who do not work the minimum number of hours per week required for tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually.

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions**

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

The following represents the membership tiers for TPAF:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier.

Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The membership tiers for PERS are the same as previously noted for TPAF.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Note 9: PENSION PLANS (CONT'D)**General Information about the Pension Plans (Cont'd)****Vesting and Benefit Provisions (Cont'd)**

Defined Contribution Retirement Program - Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2016 was 5.30% of the School District's covered payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2016 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2015, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2016 was \$1,282,671.00, and was paid by April 1, 2016. School District employee contributions to the pension plan during the fiscal year ended June 30, 2016 were \$1,735,213.80.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

Note 9: PENSION PLANS (CONT'D)**General Information About the Pension Plans (Cont'd)****Contributions (Cont'd)**

Public Employees' Retirement System (Cont'd) - The School District's contractually required contribution rate for the fiscal year ended June 30, 2016 was 12.67% of the School District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2015, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2016 was \$762,097.00, and was paid by April 1, 2016. School District employee contributions to the pension plan during the fiscal year ended June 30, 2016 were \$454,695.21.

Defined Contribution Retirement Program - The contribution policy is set by N.J.S.A. 43:15C-3 and requires contributions by active members and contributing employers. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District contributes 3% of the employees' base salary, 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.

For the fiscal year ended June 30, 2016, employee contributions totaled \$44,736.94, and the School District recognized pension expense of \$30,380.23. There were no forfeitures during the fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Teachers' Pension and Annuity Fund - At June 30, 2016, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

The State's proportionate share of net pension liability, attributable to the School District is as follows:

| | |
|--|-------------------------|
| School District's Proportionate Share of Net Pension Liability | \$ - |
| State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District | 150,849,003.00 |
| | <u>\$150,849,003.00</u> |

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. For the June 30, 2015 measurement date, the School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2015, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2015 measurement date, the State's proportionate share of the TPAF net pension liability associated with the School District was 0.2386690057%, which was an increase of 0.0005096343% from its proportion measured as of June 30, 2014.

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Teachers' Pension and Annuity Fund (Cont'd) - For the fiscal year ended June 30, 2016, the School District recognized \$9,210,690.00 in pension expense and revenue, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2015 measurement date.

Public Employees' Retirement System - At June 30, 2016, the School District reported a liability of \$19,898,706.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2015 measurement date, the School District's proportion was 0.0886435742%, which was a decrease of 0.0036689336% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the School District recognized pension expense of \$1,389,322.00, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2015 measurement date.

At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|--|---|
| Differences between Expected and Actual Experience | \$ 474,713.00 | \$ - |
| Changes of Assumptions | 2,136,962.00 | - |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | - | 319,933.00 |
| Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions | 921,038.00 | 582,789.00 |
| School District Contributions Subsequent to the Measurement Date | 793,295.00 | - |
| | <u>\$ 4,326,008.00</u> | <u>\$ 902,722.00</u> |

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Public Employees' Retirement System (Cont'd) - \$793,295.00 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30, | |
|---------------------------------|------------------------|
| 2017 | \$ 502,594.00 |
| 2018 | 502,594.00 |
| 2019 | 502,596.00 |
| 2020 | 760,091.00 |
| 2021 | 362,116.00 |
| | <hr/> |
| | \$ 2,629,991.00 |
| | <hr/> |

Note 9: PENSION PLANS (CONT'D)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)**

Public Employees' Retirement System (Cont'd) – The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|--|---|
| Differences between Expected and Actual Experience | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | - | - |
| June 30, 2015 | 5.72 | - |
| Changes of Assumptions | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | 6.44 | - |
| June 30, 2015 | 5.72 | - |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | - | 5.00 |
| June 30, 2015 | - | 5.00 |
| Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | 6.44 | 6.44 |
| June 30, 2015 | 5.72 | 5.72 |

Note 9: PENSION PLANS (CONT'D)**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

| | <u>TPAF</u> | <u>PERS</u> |
|--------------------------------|------------------------------|------------------------------|
| Inflation | 2.50% | 3.04% |
| Salary Increases: | | |
| 2012-2021 | Varies Based on Experience | 2.15% - 4.40% Based on Age |
| Thereafter | Varies Based on Experience | 3.15% - 5.40% Based on Age |
| Investment Rate of Return | 7.90% | 7.90% |
| Mortality Rate Table | RP-2000 | RP-2000 |
| Period of Actuarial Experience | | |
| Study upon which Actuarial | | |
| Assumptions were Based | July 1, 2009 - June 30, 2012 | July 1, 2008 - June 30, 2011 |

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

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

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

Note 9: PENSION PLANS (CONT'D)**Actuarial Assumptions (Cont'd)**

| <u>Asset Class</u> | <u>TPAF</u> | | <u>Asset Class</u> | <u>PERS</u> | |
|------------------------------|--------------------------|---|-----------------------------|--------------------------|---|
| | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> | | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
| US Cash | 5.00% | 0.53% | Cash | 5.00% | 1.04% |
| US Government Bonds | 1.75% | 1.39% | U.S. Treasuries | 1.75% | 1.64% |
| US Credit Bonds | 13.50% | 2.72% | Investment Grade Credit | 10.00% | 1.79% |
| US Mortgages | 2.10% | 2.54% | Mortgages | 2.10% | 1.62% |
| US Inflation-Indexed Bonds | 1.50% | 1.47% | High Yield Bonds | 2.00% | 4.03% |
| US High Yield Bonds | 2.00% | 4.57% | Inflation-Indexed Bonds | 1.50% | 3.25% |
| US Equity Market | 27.25% | 5.63% | Broad U.S. Equities | 27.25% | 8.52% |
| Foreign-Developed Equity | 12.00% | 6.22% | Developed Foreign Equities | 12.00% | 6.88% |
| Emerging Markets Equity | 6.40% | 8.46% | Emerging Market Equities | 6.40% | 10.00% |
| Private Real Estate Property | 4.25% | 3.97% | Private Equity | 9.25% | 12.41% |
| Timber | 1.00% | 4.09% | Hedge Funds/Absolute Return | 12.00% | 4.72% |
| Farmland | 1.00% | 4.61% | Real Estate (Property) | 2.00% | 6.83% |
| Private Equity | 9.25% | 9.15% | Commodities | 1.00% | 5.32% |
| Commodities | 1.00% | 3.58% | Global Debt ex U.S. | 3.50% | -0.40% |
| Hedge Funds - MultiStrategy | 4.00% | 4.59% | REIT | 4.25% | 5.12% |
| Hedge Funds - Equity Hedge | 4.00% | 5.68% | | | |
| Hedge Funds - Distressed | 4.00% | 4.30% | | | |
| | | | | <u>100.00%</u> | |
| | <u>100.00%</u> | | | | |

Discount Rate - The discount rates used to measure the total pension liability were 4.13% and 4.68% for TPAF as of June 30, 2015 and 2014, respectively, and 4.90% and 5.39% for PERS as of June 30, 2015 and 2014, respectively. For TPAF and PERS, the respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Note 9: PENSION PLANS (CONT'D)**Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

Teachers' Pension and Annuity Fund (TPAF) - As previously mentioned, TPAF, has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2015, the pension plans measurement date, attributable to the School District is \$0, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 4.13%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

| | TPAF | | |
|--|------------------------------------|--|------------------------------------|
| | 1% Decrease (3.13%) | Current Discount Rate (4.13%) | 1% Increase (5.13%) |
| School District's Proportionate Share of the Net Pension Liability | \$ - | \$ - | \$ - |
| State of New Jersey's Proportionate Share of Net Pension Liability associated with the School District | 179,278,402.00 | 150,849,003.00 | 126,355,375.00 |
| | <u>\$ 179,278,402.00</u> | <u>\$ 150,849,003.00</u> | <u>\$ 126,355,375.00</u> |

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2015, the plans measurement date, calculated using a discount rate of 4.90%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

| | PERS | | |
|--|------------------------------------|--|------------------------------------|
| | 1% Decrease (3.90%) | Current Discount Rate (4.90%) | 1% Increase (5.90%) |
| School District's Proportionate Share of the Net Pension Liability | \$ 24,731,657.00 | \$ 19,898,706.00 | \$ 15,846,795.00 |

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the TPAF and PERS and additions to/deductions from TPAF and PERS' respective fiduciary net position have been determined on the same basis as they are reported by TPAF and PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about TPAF and PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/annrpts.shtml.

Note 10: STATE POST-RETIREMENT MEDICAL BENEFITS

P.L. 1987, c.384 of P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving postemployment 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 premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

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

Note 11: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2016, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs, post-retirement medical costs and non-contributory insurance costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs, and non-contributory insurance costs were \$1,846,849.00, \$2,308,632.00 and \$91,998.00, respectively.

Note 12: RISK MANAGEMENT

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

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

New Jersey Unemployment Compensation Insurance - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The School District is billed quarterly for amounts due to the State.

The following is a summary of the activity of the School District's private-purpose trust fund for the unemployment claims for the current and previous two fiscal years:

| <u>Fiscal Year</u> <u>Ended June 30,</u> | <u>School</u> <u>District</u> <u>Contributions</u> | <u>Employee</u> <u>Contributions</u> | <u>Interest</u> <u>Income</u> | <u>Claims</u> <u>Incurred</u> | <u>Ending</u> <u>Balance</u> |
|---|--|---|----------------------------------|----------------------------------|---------------------------------|
| 2016 | - | \$ 55,227.70 | \$ 159.84 | \$ 33,683.52 | \$ 152,364.59 |
| 2015 | - | 53,763.58 | 83.61 | 72,539.87 | 130,660.57 |
| 2014 | - | 54,152.93 | 80.68 | 20,697.99 | 149,353.25 |

Note 12: RISK MANAGEMENT (CONT'D)

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

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

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

The Fund provides the School District with the following coverage:

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

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

The Fund publishes its own financial report for the fiscal year ended June 30, 2016, which can be obtained from:

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

Note 13: DEFERRED COMPENSATION

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

Lincoln Investment Planning
 Equitable
 Siracusa
 AIG / VALIC
 Vanguard
 American Express (IDS)
 American General
 GWN Marketing

Note 14: COMPENSATED ABSENCES

The School District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2016, the liability for compensated absences reported on the government-wide statement of net position and on the proprietary fund statement of net position was \$2,162,548.55 and \$135,471.04, respectively.

Note 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2016 is as follows:

| <u>Fund</u> | <u>Interfunds Receivable</u> | <u>Interfunds Payable</u> |
|------------------|----------------------------------|-------------------------------|
| General | \$ 561,684.73 | |
| Special Revenue | | \$ 346,494.54 |
| Enterprise Funds | | 215,190.19 |
| Fiduciary | 6.67 | 6.67 |
| | <u>\$ 561,691.40</u> | <u>\$ 561,691.40</u> |

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2017, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONT'D)

Interfund Transfers:

| | <u>Transfer In:</u> | | | |
|-----------------------------|------------------------|-------------------------|--------------------------|-------------------------|
| | <u>General Fund</u> | <u>Capital Projects</u> | <u>Debt Service Fund</u> | <u>Enterprise Funds</u> |
| <u>Transfer Out:</u> | | | | |
| General Fund | | \$ 502,255.00 | | \$ 7,095.73 |
| Capital Projects | \$ 1,009,861.00 | | \$ 169,000.00 | |
| Total Transfers | <u>\$ 1,009,861.00</u> | <u>\$ 502,255.00</u> | <u>\$ 169,000.00</u> | <u>\$ 7,095.73</u> |

Note 16: CONTINGENCIES

Grantor Agencies - Amounts received or receivable from grantor agencies could be subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amount, if any, to be immaterial.

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

Note 17: CONCENTRATIONS

The School District depends on financial resources flowing from, or associated with, both the federal government and the State of New Jersey. As a result of this dependency, the School District is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Note 18: COMMITMENTS

The School District had multiple construction projects ongoing as of the fiscal year ended June 30, 2016 that are to continue into the subsequent fiscal year(s). These projects, which are related to the capital projects fund, are as follows:

| <u>Contract</u> | <u>Commitment Date</u> | <u>Amount Outstanding</u> |
|---------------------------|----------------------------|-------------------------------|
| Atlantic Coast Alarm: | | |
| Reeds Road Fire Alarms | 04/11/16 | \$ 169,000.00 |
| Roland Rogers Fire Alarms | 04/11/16 | <u>179,777.00</u> |
| | | <u>\$ 348,777.00</u> |

Note 19: DEFICIT FUND BALANCES

The School District has a deficit fund balance of \$691,208.06 in the general fund as of June 30, 2016 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$691,208.06 is less than the June state aid payments.

Note 20: FUND BALANCES**RESTRICTED**

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

General Fund

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$2,196,874.00. Additionally, \$2,198,744.46 of excess fund balance generated during 2014-2015 has been restricted and designated for utilization in the 2016-2017 budget.

Note 20: FUND BALANCES (CONT'D)**RESTRICTED (CONT'D)****General Fund (Cont'd)**

For Capital Reserve Account - As of June 30, 2016, the balance in the capital reserve account is \$4,263,904.00. Of this amount \$328,014.00 has been appropriated as an item of revenue in the fiscal 2016-17 budget. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

For Maintenance Reserve Account - As of June 30, 2016, the balance in the maintenance reserve account is \$2,733,770.24. Of this amount, \$586,148.00 has been appropriated as an item of revenue in the fiscal 2016-17 budget. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

For Emergency Reserve - As of June 30, 2016, the balance in the emergency reserve is \$315,633.60. These funds are restricted for the purpose of financing unanticipated general fund expenditures required for a thorough and efficient education in accordance with N.J.S.A. 18A:7F-41c(1). The balance of the restricted fund balance is not permitted to exceed \$250,000.00, or one percent (1%) of the School District's general fund budget up to a maximum of \$1,000,000.00, whichever is greater. Deposits may be made to the emergency reserve account at budget time, or by board resolution at year end of any unanticipated revenue or unexpended line item appropriation, or both. Withdrawals from the emergency reserve require approval by the Commissioner.

Special Revenue Fund - As of June 30, 2016, the fund balance of the special revenue fund was \$37,714.55.

Capital Projects Fund - On July 1, 2009, the School District issued \$2,366,000.00 of general obligation bonds pursuant to Chapter 24 of Title 18A of the New Jersey Statutes, as amended and supplemented ("School Bond Law"). The Bonds were authorized by a proposal adopted by the Board and approved by the voters of the School District at a special election held on April 21, 2009. The bond issuance was approved by the voters for installation of solar panels at the Galloway Township Middle School. In addition, the district authorized several other projects for various purposes funded by School Development Authority grants and local funds. As of June 30, 2016, the restricted fund balance amount was \$403,539.68.

Debt Service Fund - As of June 30, 2016, \$169,000.99 of debt service fund balance is restricted for future debt service expenditures. \$142,186.00 of the restricted balance has been designated for utilization in the fiscal 2016-17 Budget.

Note 20: FUND BALANCES (CONT'D)**ASSIGNED**

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

General Fund

For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2017 \$392,131.22 of general fund balance at June 30, 2016. The School District has also appropriated and included as anticipated revenue for the fiscal year ending June 30, 2017 \$59,670.32 of general fund balance at June 30, 2016, resulting from the Special Education Medicaid Initiative (SEMI) reimbursement received during the current fiscal year for reimbursement of previous fiscal year expenditures. In addition, \$38,024.16 of assigned fund balance from SEMI reimbursement has not been assigned to a budget year.

Other Purposes - As of June 30, 2016, the School District had \$296,044.01 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

UNASSIGNED

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

General Fund - As of June 30, 2016, the general fund balance deficit of \$691,208.06 was unassigned.

Note 21: EXTRAORDINARY ITEMS

In January 2016, the School District's Food Service Enterprise Fund suffered a fire which destroyed the walk-in freezer located at the Reeds Road Elementary School. The destruction of the walk-in freezer has resulted in realized insurance proceeds totaling \$55,689.14, which has been reflected as an extraordinary item on the statement of activities and combining statement of revenues, expenses and changes in fund net position.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|--|----------------------|-------------------------|----------------------|----------------------|--|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 30,606,570.00 | | \$ 30,606,570.00 | \$ 30,606,570.00 | |
| Tuition from Other LEA's Within the State | 100,000.00 | | 100,000.00 | 288,529.26 | \$ 188,529.26 |
| Interest Earned on Capital Reserve Funds | 500.00 | | 500.00 | 3,378.22 | 2,878.22 |
| Interest Earned on Maintenance Reserve Funds | | | | 2,100.71 | 2,100.71 |
| Interest Earned on Emergency Reserve Funds | | | | 473.07 | 473.07 |
| Unrestricted Miscellaneous Revenues | 160,000.00 | | 160,000.00 | 290,887.81 | 130,887.81 |
| Total - Local Sources | 30,867,070.00 | - | 30,867,070.00 | 31,191,939.07 | 324,869.07 |
| State Sources: | | | | | |
| Categorical Transportation Aid | 339,014.00 | | 339,014.00 | 339,014.00 | |
| Special Education Aid | 1,973,337.00 | | 1,973,337.00 | 1,973,337.00 | |
| Equalization Aid | 20,530,313.00 | | 20,530,313.00 | 20,530,313.00 | |
| Categorical Security Aid | 730,204.00 | | 730,204.00 | 730,204.00 | |
| Extraordinary Aid | | | | 409,466.00 | 409,466.00 |
| PARCC Readiness Aid | 33,240.00 | | 33,240.00 | 33,240.00 | |
| Per Pupil Growth Aid | 33,240.00 | | 33,240.00 | 33,240.00 | |
| Non-Public Transportation Aid | | | | 41,586.00 | 41,586.00 |
| Homeless Aid | | | | 3,224.00 | 3,224.00 |
| On-behalf TPAF Pension Contributions (non-budgeted) | | | | 1,846,849.00 | 1,846,849.00 |
| On-behalf TPAF Non-Contributory Insurance (non-budgeted) | | | | 91,998.00 | 91,998.00 |
| On-behalf TPAF Medical Contributions (non-budgeted) | | | | 2,308,632.00 | 2,308,632.00 |
| Reimbursed T.P.A.F. Social Security Contributions (non-budgeted) | | | | 1,754,267.94 | 1,754,267.94 |
| Total - State Sources | 23,639,348.00 | - | 23,639,348.00 | 30,095,370.94 | 6,456,022.94 |
| Federal Sources: | | | | | |
| SEMI Medicaid Reimbursement | 86,370.00 | | 86,370.00 | 220,357.51 | 133,987.51 |
| Medicaid Administrative Claiming Aid | | | | 12,203.27 | 12,203.27 |
| Total - Federal Sources | 86,370.00 | - | 86,370.00 | 232,560.78 | 146,190.78 |
| Total Revenues | 54,592,788.00 | - | 54,592,788.00 | 61,519,870.79 | 6,927,082.79 |

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|--------------------|-------------------------|-----------------|-----------------|--|
| EXPENDITURES: | | | | | |
| Current Expense: | | | | | |
| Regular Programs - Instruction: | | | | | |
| Salaries of Teachers: | | | | | |
| Kindergarten | \$ 1,296,342.00 | (12,600.00) | \$ 1,283,742.00 | \$ 1,271,433.40 | \$ 12,308.60 |
| Grades 1-5 | 8,048,849.00 | 64,392.00 | 8,113,241.00 | 7,977,119.65 | 136,121.35 |
| Grades 6-8 | 4,698,917.00 | (91,877.66) | 4,607,039.34 | 4,372,381.46 | 234,657.88 |
| Regular Programs - Home Instruction: | | | | | |
| Salaries of Teachers | 55,000.00 | | 55,000.00 | 43,615.60 | 11,384.40 |
| Purchased Professional - Educational Services | 4,000.00 | | 4,000.00 | 2,476.13 | 1,523.87 |
| Regular Programs - Undistributed Instruction: | | | | | |
| Other Salaries for Instruction | 248,226.00 | 123,115.76 | 371,341.76 | 367,454.71 | 3,887.05 |
| Purchased Professional - Educational Services | 9,200.00 | 213.10 | 9,413.10 | 966.10 | 8,447.00 |
| Other Purchased Services | 215,048.00 | (213.10) | 214,834.90 | 203,040.22 | 11,794.68 |
| General Supplies | 660,365.00 | (21,103.45) | 639,261.55 | 522,975.73 | 116,285.82 |
| Textbooks | 20,260.00 | | 20,260.00 | 10,779.99 | 9,480.01 |
| Other Objects | 1,000.00 | (400.00) | 600.00 | | 600.00 |
| Total Regular Programs- Instruction | 15,257,207.00 | 61,526.65 | 15,318,733.65 | 14,772,242.99 | 546,490.66 |
| Learning and / or Language Disabilities: | | | | | |
| Salaries of Teachers | 910,505.00 | (17,400.00) | 893,105.00 | 770,228.18 | 122,876.82 |
| Other Salaries for Instruction | 588,947.00 | (21,925.73) | 567,021.27 | 544,921.67 | 22,099.60 |
| General Supplies | 7,530.00 | | 7,530.00 | 7,436.07 | 93.93 |
| Textbooks | 4,000.00 | (100.00) | 3,900.00 | | 3,900.00 |
| Total Learning and / or Language Disabilities | 1,510,982.00 | (39,425.73) | 1,471,556.27 | 1,322,585.92 | 148,970.35 |
| Auditory Impairments: | | | | | |
| Salaries of Teachers | | 65,113.00 | 65,113.00 | 42,795.40 | 22,317.60 |
| Other Salaries for Instruction | | 58,662.82 | 58,662.82 | 32,032.94 | 26,629.88 |
| Total Auditory Impairments | - | 123,775.82 | 123,775.82 | 74,828.34 | 48,947.48 |

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|--------------------|-------------------------|-----------------|---------------|--|
| EXPENDITURES (CONT'D): | | | | | |
| Current Expense (Cont'd): | | | | | |
| Special Education - Instruction (Cont'd): | | | | | |
| Behavioral Disabilities: | | | | | |
| Salaries of Teachers | \$ 136,749.00 | \$ 16,970.83 | \$ 153,719.83 | \$ 153,435.63 | \$ 284.20 |
| Other Salaries for Instruction | 106,214.00 | 3,733.90 | 109,947.90 | 99,556.60 | 10,391.30 |
| General Supplies | 5,425.00 | | 5,425.00 | 1,869.56 | 3,555.44 |
| Textbooks | 1,500.00 | | 1,500.00 | | 1,500.00 |
| Other Objects | 800.00 | | 800.00 | 457.12 | 342.88 |
| Total Behavioral Disabilities | 250,688.00 | 20,704.73 | 271,392.73 | 255,318.91 | 16,073.82 |
| Multiple Disabilities: | | | | | |
| Salaries of Teachers | 185,705.00 | | 185,705.00 | 185,705.00 | |
| Other Salaries for Instruction | 110,747.00 | 60,793.00 | 171,540.00 | 148,914.57 | 22,625.43 |
| General Supplies | 8,200.00 | | 8,200.00 | 2,098.82 | 6,101.18 |
| Textbooks | 2,300.00 | | 2,300.00 | 363.29 | 1,936.71 |
| Other Objects | 400.00 | | 400.00 | | 400.00 |
| Total Multiple Disabilities | 307,352.00 | 60,793.00 | 368,145.00 | 337,081.68 | 31,063.32 |
| Resource Room / Resource Center: | | | | | |
| Salaries of Teachers | 3,498,599.00 | 138,624.32 | 3,637,223.32 | 3,551,308.46 | 85,914.86 |
| Other Salaries for Instruction | 37,440.00 | 200.00 | 37,640.00 | 37,539.10 | 100.90 |
| General Supplies | 11,600.00 | | 11,600.00 | 5,353.80 | 6,246.20 |
| Textbooks | 3,550.00 | | 3,550.00 | | 3,550.00 |
| Total Resource Room / Resource Center | 3,551,189.00 | 138,824.32 | 3,690,013.32 | 3,594,201.36 | 95,811.96 |
| Preschool Disabilities - Full Time: | | | | | |
| Salaries of Teachers | 346,929.00 | 37,092.27 | 384,021.27 | 258,585.58 | 125,435.69 |
| Other Salaries for Instruction | 499,674.00 | 123,335.22 | 623,009.22 | 404,977.37 | 218,031.85 |
| General Supplies | 9,500.00 | | 9,500.00 | 2,846.65 | 6,653.35 |
| Total Preschool Disabilities - Full Time | 856,103.00 | 160,427.49 | 1,016,530.49 | 666,409.60 | 350,120.89 |
| Total Special Education - Instruction | 6,476,314.00 | 465,099.63 | 6,941,413.63 | 6,250,425.81 | 690,987.82 |

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|--|----------------------|-------------------------|----------------------|----------------------|--|
| EXPENDITURES (CONT'D): | | | | | |
| Current Expense (Cont'd): | | | | | |
| Basic Skills / Remedial - Instruction: | | | | | |
| Salaries of Teachers | \$ 1,116,513.00 | \$ (93,908.00) | \$ 1,022,605.00 | \$ 899,207.91 | \$ 123,397.09 |
| General Supplies | 11,050.00 | | 11,050.00 | 3,927.36 | 7,122.64 |
| Total Basic Skills / Remedial - Instruction | <u>1,127,563.00</u> | <u>(93,908.00)</u> | <u>1,033,655.00</u> | <u>903,135.27</u> | <u>130,519.73</u> |
| Bilingual Education - Instruction: | | | | | |
| Salaries of Teachers | 598,464.00 | 7,100.00 | 605,564.00 | 605,447.56 | 116.44 |
| General Supplies | 4,500.00 | (50.00) | 4,450.00 | 2,663.94 | 1,786.06 |
| Textbooks | 2,000.00 | (250.00) | 1,750.00 | | 1,750.00 |
| Total Bilingual Education - Instruction | <u>604,964.00</u> | <u>6,800.00</u> | <u>611,764.00</u> | <u>608,111.50</u> | <u>3,652.50</u> |
| School Sponsored Occurricular Activities - Instruction: | | | | | |
| Salaries | 44,546.00 | | 44,546.00 | 43,193.74 | 1,352.26 |
| Supplies and Materials | 7,450.00 | | 7,450.00 | 5,932.32 | 1,517.68 |
| Total School Sponsored Occurricular Activities - Instruction | <u>51,996.00</u> | <u>-</u> | <u>51,996.00</u> | <u>49,126.06</u> | <u>2,869.94</u> |
| School Sponsored Athletics - Instruction: | | | | | |
| Salaries | 30,840.00 | | 30,840.00 | 30,659.50 | 180.50 |
| Purchased Services | 5,975.00 | | 5,975.00 | 5,717.35 | 257.65 |
| Supplies and Materials | 6,695.00 | | 6,695.00 | 6,683.05 | 11.95 |
| Total School Sponsored Athletics - Instruction | <u>43,510.00</u> | <u>-</u> | <u>43,510.00</u> | <u>43,059.90</u> | <u>450.10</u> |
| Total Instruction | <u>23,561,554.00</u> | <u>439,518.28</u> | <u>24,001,072.28</u> | <u>22,626,101.53</u> | <u>1,374,970.75</u> |

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|--------------------|-------------------------|-----------------|---------------|--|
| EXPENDITURES (CONT'D): | | | | | |
| Current Expense (Cont'd): | | | | | |
| Undistributed Expenditures - Instruction: | | | | | |
| Tuition to Other LEAs Within the State - Regular | \$ 100,000.00 | \$ 100,000.00 | \$ 200,000.00 | \$ 176,919.74 | \$ 23,080.26 |
| Tuition to Other LEAs Within the State - Special | 17,004.00 | 17,004.00 | 17,004.00 | 16,608.48 | 395.52 |
| Tuition to CSSD and Regional Day Schools | 1,184,060.00 | (89,504.00) | 1,094,556.00 | 879,186.00 | 215,370.00 |
| Tuition to Private Schools for the Disabled - Within State | 758,567.00 | 41,000.00 | 799,567.00 | 799,350.00 | 217.00 |
| Total Undistributed Expenditures - Instruction | 2,042,627.00 | 68,500.00 | 2,111,127.00 | 1,872,064.22 | 239,062.78 |
| Undistributed Expenditures - Attendance and Social Work: | | | | | |
| Salaries | 22,032.00 | | 22,032.00 | 17,115.96 | 4,916.04 |
| Other Purchased Services | 2,500.00 | | 2,500.00 | 1,751.50 | 748.50 |
| Supplies and Materials | 2,800.00 | | 2,800.00 | 2,400.02 | 399.98 |
| Total Undistributed Expenditures - Attendance and Social Work | 27,332.00 | - | 27,332.00 | 21,267.48 | 6,064.52 |
| Undistributed Expenditures - Health Services: | | | | | |
| Salaries | 505,152.00 | | 505,152.00 | 490,181.91 | 14,970.09 |
| Purchased Professional and Technical Services | 21,900.00 | | 21,900.00 | 13,889.00 | 8,011.00 |
| Other Purchased Services | 1,120.00 | | 1,120.00 | 1,120.00 | - |
| Supplies and Materials | 17,000.00 | | 17,000.00 | 5,889.93 | 11,110.07 |
| Total Undistributed Expenditures - Health Services | 545,172.00 | - | 545,172.00 | 509,960.84 | 35,211.16 |
| Undistributed Expenditures - Other Support Services - | | | | | |
| Students - Related Services: | | | | | |
| Salaries | 642,065.00 | 1.00 | 642,066.00 | 620,794.14 | 21,271.86 |
| Purchased Professional - Educational Services | 121,500.00 | | 121,500.00 | 85,354.76 | 36,145.24 |
| Supplies and Materials | 8,850.00 | | 8,850.00 | 5,588.69 | 3,261.31 |
| Total Undistributed Expenditures - Other Support Services - | 772,415.00 | 1.00 | 772,416.00 | 711,737.59 | 60,678.41 |
| Students - Related Services | | | | | |

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|--------------------|-------------------------|-----------------|---------------|--|
| EXPENDITURES (CONTD): | | | | | |
| Current Expense (Cont'd): | | | | | |
| Undistributed Expenditures - Other Support Services - | | | | | |
| Students - Extra Services: | | | | | |
| Salaries | \$ 473,867.00 | \$ 112,729.21 | \$ 586,596.21 | \$ 578,402.11 | \$ 8,194.10 |
| Purchased Professional - Educational Services | 191,220.00 | | 191,220.00 | 139,067.50 | 52,152.50 |
| Supplies and Materials | 20,000.00 | | 20,000.00 | 10,650.86 | 9,349.14 |
| Total Undistributed Expenditures - Other Support Services - | 685,087.00 | 112,729.21 | 797,816.21 | 728,120.47 | 69,695.74 |
| Students - Extra Services | | | | | |
| Undistributed Expenditures - Other Support Services - | | | | | |
| Students - Regular: | | | | | |
| Salaries of Other Professional Staff | 603,778.00 | 20,074.00 | 623,852.00 | 617,140.50 | 6,711.50 |
| Other Purchased Professional and Technical Services | 7,000.00 | | 7,000.00 | 1,142.05 | 5,857.95 |
| Other Purchased Services (400-500 series) | 2,200.00 | | 2,200.00 | 324.75 | 1,875.25 |
| Supplies and Materials | 17,450.00 | (1,190.00) | 16,260.00 | 6,136.49 | 10,123.51 |
| Other Objects | 850.00 | 1,190.00 | 2,040.00 | | 2,040.00 |
| Total Undistributed Expenditures - Other Support Services - | 631,278.00 | 20,074.00 | 651,352.00 | 624,743.79 | 26,608.21 |
| Students - Regular | | | | | |
| Undistributed Expenditures - Other Support Services - | | | | | |
| Students - Special: | | | | | |
| Salaries of Other Professional Staff | 1,221,014.00 | | 1,221,014.00 | 1,187,785.60 | 33,228.40 |
| Salaries of Secretarial and Clerical Assistants | 181,362.00 | | 181,362.00 | 176,360.54 | 5,001.46 |
| Purchased Professional - Educational Services | 15,000.00 | | 15,000.00 | 13,779.13 | 1,220.87 |
| Other Purchased Professional and Technical Services | 78,500.00 | | 78,500.00 | 70,743.00 | 7,757.00 |
| Other Purchased Services (400-500 series) | 7,908.00 | | 7,908.00 | 4,902.07 | 3,005.93 |
| Supplies and Materials | 16,150.00 | | 16,150.00 | 11,176.92 | 4,973.08 |
| Other Objects | 1,800.00 | | 1,800.00 | | 1,800.00 |
| Total Undistributed Expenditures - Other Support Services - | 1,521,734.00 | - | 1,521,734.00 | 1,464,747.26 | 56,986.74 |
| Students - Special | | | | | |

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund

For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|--|-----------------|----------------------|---------------|---------------|--|
| EXPENDITURES (CONT'D): | | | | | |
| Current Expense (Cont'd): | | | | | |
| Undistributed Expenditures - Improvement of Instruction Services: | | | | | |
| Salaries of Other Professional Staff | \$ 216,402.00 | \$ | \$ 216,402.00 | \$ 215,381.73 | \$ 1,020.27 |
| Salaries of Secretarial and Clerical Assistants | 100,600.00 | | 100,600.00 | 100,599.04 | 0.96 |
| Salaries of Facilitators, Math & Literacy Coaches | 161,844.00 | | 161,844.00 | 161,844.00 | |
| Purchased Professional - Educational Services | 17,520.00 | | 17,520.00 | 14,604.00 | 2,916.00 |
| Other Purchased Services (400-500) | 400.00 | | 400.00 | | 400.00 |
| Supplies and Materials | 219,392.00 | \$ 21,875.26 | 241,267.26 | 235,874.32 | 5,392.94 |
| Other Objects | 15,000.00 | | 15,000.00 | 12,724.40 | 2,275.60 |
| Total Undistributed Expenditures - Improvement of Instruction Services | 731,158.00 | 21,875.26 | 753,033.26 | 741,027.49 | 12,005.77 |
| Undistributed Expenditures - Educational Media Services / School Library: | | | | | |
| Salaries | 523,530.00 | (1.00) | 523,529.00 | 503,392.74 | 20,136.26 |
| Purchased Professional and Technical Services | 9,000.00 | | 9,000.00 | 7,120.75 | 1,879.25 |
| Other Purchased Services (400-500 series) | 5,500.00 | | 5,500.00 | 999.80 | 4,500.20 |
| Supplies and Materials | 30,000.00 | | 30,000.00 | 18,965.40 | 11,034.60 |
| Total Undistributed Expenditures - Educational Media Services / School Library | 568,030.00 | (1.00) | 568,029.00 | 530,478.69 | 37,550.31 |
| Undistributed Expenditures - Instructional Staff Training Services: | | | | | |
| Salaries of Other Professional Staff | 57,666.00 | 3,000.00 | 60,666.00 | 59,877.14 | 788.86 |
| Purchased Professional - Educational Services | 150.00 | | 150.00 | | 150.00 |
| Other Purchased Services (400-500 series) | 3,740.00 | | 3,740.00 | 551.41 | 3,188.59 |
| Supplies and Materials | 1,000.00 | | 1,000.00 | | 1,000.00 |
| Other Objects | 19,000.00 | (3,000.00) | 16,000.00 | 12,569.00 | 3,431.00 |
| Total Undistributed Expenditures - Instructional Staff Training Services | 81,556.00 | - | 81,556.00 | 72,997.55 | 8,558.45 |

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|---------------------|-------------------------|---------------------|---------------------|--|
| EXPENDITURES (CONT'D): | | | | | |
| Current Expense (Cont'd): | | | | | |
| Undistributed Expenditures - Support Services - General Administration: | | | | | |
| Salaries | \$ 264,863.00 | \$ 1,500.00 | \$ 266,363.00 | \$ 261,977.56 | \$ 4,385.44 |
| Legal Services | 35,750.00 | | 35,750.00 | 32,514.79 | 3,235.21 |
| Audit Fees | 46,100.00 | | 46,100.00 | 46,050.00 | 50.00 |
| Architectural/Engineering Services | 25,000.00 | | 25,000.00 | | 25,000.00 |
| Other Purchased Professional Services | 31,500.00 | (2,000.00) | 29,500.00 | 23,346.68 | 6,153.32 |
| Communications / Telephone | 220,912.00 | 44,700.00 | 265,612.00 | 265,595.98 | 16.02 |
| BOE Other Purchased Services | 2,000.00 | | 2,000.00 | 1,422.33 | 577.67 |
| Other Purchased Services (400-500) | 99,275.00 | | 99,275.00 | 87,712.67 | 11,562.33 |
| General Supplies | 11,500.00 | | 11,500.00 | 10,508.72 | 991.28 |
| Miscellaneous Expenditures | 6,725.00 | | 6,725.00 | 3,244.00 | 3,481.00 |
| BOE Membership Dues and Fees | 25,000.00 | | 25,000.00 | 23,265.95 | 1,734.05 |
| Total Undistributed Expenditures - Support Services - General Administration | 768,625.00 | 44,200.00 | 812,825.00 | 755,638.68 | 57,186.32 |
| Undistributed Expenditures - Support Services - School Administration: | | | | | |
| Salaries of Principals / Assistant Principals | 1,295,629.00 | (580.00) | 1,295,049.00 | 1,234,836.41 | 60,212.59 |
| Salaries of Secretarial and Clerical Assistants | 566,024.00 | 5,830.00 | 571,854.00 | 556,112.90 | 15,741.10 |
| Supplies and Materials | 72,768.11 | (4,050.00) | 68,718.11 | 40,166.05 | 28,552.06 |
| Other Objects | 10,650.00 | | 10,650.00 | 6,768.00 | 3,882.00 |
| Total Undistributed Expenditures - Support Services - School Administration | 1,945,071.11 | 1,200.00 | 1,946,271.11 | 1,837,883.36 | 108,387.75 |
| Undistributed Expenditures - Central Services: | | | | | |
| Salaries | 425,816.00 | (20,851.70) | 404,964.30 | 398,505.54 | 6,458.76 |
| Purchased Technical Services | 14,155.00 | 14,900.00 | 29,055.00 | 28,303.32 | 751.68 |
| Miscellaneous Purchased Services (400-500 series) | 17,050.00 | (2,900.00) | 14,150.00 | 10,195.41 | 3,954.59 |
| Supplies and Materials | 9,900.00 | | 9,900.00 | 11,406.81 | (1,506.81) |
| Interest on Lease Purchase Agreements | 2,690.00 | | 2,690.00 | 2,690.00 | 0.00 |
| Miscellaneous Expenditures | 2,920.00 | | 2,920.00 | 2,392.64 | 527.36 |
| Total Undistributed Expenditures - Central Services | 472,531.00 | - | 472,531.00 | 450,803.72 | 21,727.28 |

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT

Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund

For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|---------------------|----------------------|---------------------|---------------------|--|
| EXPENDITURES (CONT'D): | | | | | |
| Current Expense (Cont'd): | | | | | |
| Undistributed Expenditures - Administration of Information Technology: | | | | | |
| Salaries | \$ 413,135.00 | \$ | \$ 413,135.00 | \$ 412,987.98 | \$ 147.02 |
| Purchased Professional Services | 2,275.00 | | 2,275.00 | | 2,275.00 |
| Purchased Technical Services | 37,000.00 | | 37,000.00 | 15,948.96 | 21,051.04 |
| Other Purchased Services (400-500 series) | 1,000.00 | | 1,000.00 | 256.03 | 743.97 |
| Supplies and Materials | 1,250.00 | | 1,250.00 | | 1,250.00 |
| Other Objects | 2,000.00 | | 2,000.00 | | 2,000.00 |
| Total Undistributed Expenditures - Administration of Information Technology | 456,660.00 | - | 456,660.00 | 429,192.97 | 27,467.03 |
| Undistributed Expenditures - Required Maintenance for School Facilities: | | | | | |
| Salaries | 418,182.00 | | 418,182.00 | 417,289.23 | 892.77 |
| Cleaning, Repair and Maintenance Services | 416,686.00 | \$ 325,600.45 | 742,286.45 | 502,987.45 | 239,299.00 |
| General Supplies | 109,200.00 | (650.00) | 108,550.00 | 69,380.69 | 39,169.31 |
| Other Objects | 7,000.00 | | 7,000.00 | 5,257.20 | 1,742.80 |
| Total Undistributed Expenditures - Required Maintenance for School Facilities | 951,068.00 | 324,950.45 | 1,276,018.45 | 994,914.57 | 281,103.88 |
| Undistributed Expenditures - Operation and Maintenance of Plant Services: | | | | | |
| Salaries | 1,463,314.00 | 3,870.00 | 1,467,184.00 | 1,405,619.70 | 61,564.30 |
| Purchased Professional and Technical Services | 1,500.00 | | 1,500.00 | 1,390.00 | 110.00 |
| Cleaning, Repair and Maintenance Services | 93,762.00 | (4,570.00) | 89,192.00 | 63,637.45 | 25,554.55 |
| Rental of Land and Buildings -- Other than Lease Purchase | 5,500.00 | | 5,500.00 | 5,500.00 | |
| Other Purchased Property Services | 124,000.00 | (3,450.00) | 120,550.00 | 112,029.22 | 8,520.78 |
| Insurance | 247,500.00 | (8,996.70) | 238,503.30 | 226,787.00 | 11,716.30 |
| General Supplies | 172,530.00 | 9,746.70 | 182,276.70 | 176,920.91 | 5,355.79 |
| Energy (Heat) | 174,500.00 | (70,000.00) | 104,500.00 | 94,482.73 | 10,017.27 |
| Energy (Electricity) | 746,500.00 | (40,151.00) | 706,349.00 | 688,252.84 | 18,096.16 |
| Energy (Gasoline) | 30,000.00 | | 30,000.00 | 9,750.61 | 20,249.39 |
| Other Objects | 7,000.00 | | 7,000.00 | 5,883.85 | 1,116.15 |
| Total Undistributed Expenditures - Operation and Maintenance of Plant Services | 3,066,106.00 | (113,551.00) | 2,952,555.00 | 2,790,254.31 | 162,300.69 |

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|----------------------|-------------------------|----------------------|----------------------|--|
| EXPENDITURES (CONT'D): | | | | | |
| Current Expense (Cont'd): | | | | | |
| Undistributed Expenditures - Care & Upkeep of Grounds | | | | | |
| Salaries | \$ 25,860.00 | | \$ 25,860.00 | \$ 25,858.98 | \$ 1.02 |
| Cleaning, Repair, and Maintenance Services | 99,900.00 | 112,351.00 | 212,251.00 | 152,397.20 | 59,853.80 |
| General Supplies | 39,900.00 | (400.00) | 39,500.00 | 33,963.46 | 5,536.54 |
| Total Undistributed Expenditures - Care & Upkeep of Grounds | 165,660.00 | 111,951.00 | 277,611.00 | 212,219.64 | 65,391.36 |
| Undistributed Expenditures - Security | | | | | |
| Salaries | 46,230.00 | | 46,230.00 | 45,517.54 | 712.46 |
| Purchased Professional and Technical services | 65,000.00 | | 65,000.00 | 23,499.10 | 41,500.90 |
| Cleaning, Repair, and Maintenance Services | 23,395.00 | 400.00 | 23,795.00 | 14,415.16 | 9,379.84 |
| General Supplies | 11,550.00 | | 11,550.00 | 1,724.13 | 9,825.87 |
| Total Undistributed Expenditures - Security | 146,175.00 | 400.00 | 146,575.00 | 85,155.93 | 61,419.07 |
| Undistributed Expenditures - Student Transportation Services: | | | | | |
| Salaries for Pupil Transportation (Between Home and School)-Reg. | 101,237.00 | 300.00 | 101,537.00 | 101,529.98 | 7.02 |
| Other Purchased Prof. and Technical Services | 3,500.00 | 250.00 | 3,750.00 | 3,750.00 | |
| Contracted Services - (Between Home and School) - Vendors | 28,000.00 | (323.00) | 27,677.00 | 18,060.30 | 9,616.70 |
| Contracted Services - (Other than Between Home and School) - Vendors | 85,500.00 | 25,994.20 | 111,494.20 | 111,493.91 | 0.29 |
| Contracted Services - (Between Home and School) - Joint Agreements | 2,443,775.00 | | 2,443,775.00 | 2,266,194.71 | 177,580.29 |
| Contracted Services (Special Education Students) - Joint Agreements | 1,503,439.00 | (95,550.00) | 1,407,889.00 | 1,052,843.76 | 355,045.24 |
| Contracted Services - Aid in Lieu of Payments - Nonpublic School | 65,858.00 | (10,000.00) | 55,858.00 | 54,559.71 | 1,298.29 |
| Contracted Services - Aid in Lieu of Payments - Charter School | 17,680.00 | (11,000.00) | 6,680.00 | 2,652.00 | 4,028.00 |
| Contracted Services - Aid in Lieu of Payments - Choice School | 3,850.00 | 21,000.00 | 21,000.00 | 17,974.30 | 3,025.70 |
| General Supplies | | | 3,850.00 | 2,035.27 | 1,814.73 |
| Total Undistributed Expenditures - Student Transportation Services | 4,252,839.00 | (69,328.80) | 4,183,510.20 | 3,631,093.94 | 552,416.26 |
| Unallocated Benefits - Employee Benefits: | | | | | |
| Social Security Contributions | 640,000.00 | | 640,000.00 | 620,281.78 | 19,718.22 |
| Other Retirement Contributions- PERS | 832,600.00 | (20,000.00) | 812,600.00 | 762,097.00 | 50,503.00 |
| Other Retirement Contributions - Regular | 22,000.00 | 57,683.31 | 79,683.31 | 79,683.31 | |
| Unemployment Compensation | 150,000.00 | | 150,000.00 | | 150,000.00 |
| Workmen's Compensation | 431,317.00 | | 431,317.00 | 431,317.00 | |
| Health Benefits | 10,310,756.00 | (37,683.31) | 10,273,072.69 | 9,517,737.07 | 755,335.62 |
| Tuition Reimbursement | 127,899.00 | | 127,899.00 | 79,564.89 | 48,334.11 |
| Other Employee Benefits | 692,000.00 | (169,335.50) | 522,664.50 | 479,367.41 | 43,297.09 |
| Unused Sick Payment to Terminated/Retired Staff | | 169,335.50 | 169,335.50 | 169,335.50 | |
| Total Unallocated Benefits | 13,206,572.00 | - | 13,206,572.00 | 12,139,383.96 | 1,067,188.04 |

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT

Required Supplementary Information
Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|--|-----------------|----------------------|----------------|---------------|--|
| EXPENDITURES (CONT'D): | | | | | |
| Current Expense (Cont'd): | | | | | |
| Undistributed Expenditures - Food Services | \$ 85,000.00 | \$ (7,095.73) | \$ 77,904.27 | - | \$ 77,904.27 |
| Transfers to Cover Deficit | | | | | |
| TPAF Contributions: | | | | | |
| On-behalf TPAF Pension Contributions (non-budgeted) | | \$ 1,846,849.00 | | | (1,846,849.00) |
| On-behalf TPAF Non-Contributory Insurance (non-budgeted) | | 91,998.00 | | | (91,998.00) |
| On-behalf TPAF Medical Contributions (non-budgeted) | | 2,308,632.00 | | | (2,308,632.00) |
| Reimbursed T.P.A.F. Social Security Contributions (non-budgeted) | | 1,754,267.94 | | | (1,754,267.94) |
| Total TPAF Contributions | - | - | - | 6,001,746.94 | (6,001,746.94) |
| Total Undistributed Expenditures | 33,122,696.11 | 515,904.39 | 33,638,600.50 | 36,605,433.40 | (2,966,832.90) |
| Total Current Expense | 56,684,250.11 | 955,422.67 | 57,639,672.78 | 59,231,534.93 | (1,591,862.15) |
| Capital Outlay: | | | | | |
| Capital Reserve: | | | | | |
| Transfer to Capital Projects | 502,255.00 | (502,255.00) | | 500.00 | 500.00 |
| Interest Deposit to Capital Reserve | 500.00 | | | | |
| Total Capital Reserve | 502,755.00 | (502,255.00) | 500.00 | - | 500.00 |
| Equipment: | | | | | |
| Undistributed Expenditures - Instructional | | 4,670.18 | 4,670.18 | 4,612.18 | 58.00 |
| Other Support Services - Extraordinary Services | 5,000.00 | | 5,000.00 | | 5,000.00 |
| Undistributed Expenditures - Administration Info. Technology | | 28,924.74 | 28,924.74 | 28,924.74 | |
| Total Equipment | 5,000.00 | 33,594.92 | 38,594.92 | 33,536.92 | 5,058.00 |
| Facility Acquisitions and Construction Services: | | | | | |
| Architectural Services | 40,000.00 | | 40,000.00 | 19,800.00 | 20,200.00 |
| Construction Services | 350,000.00 | | 350,000.00 | 47,000.00 | 303,000.00 |
| Assessment for Debt Service on SDA Funding | 44,186.00 | | 44,186.00 | 44,186.00 | |
| Total Facility Acquisitions and Construction Services | 434,186.00 | - | 434,186.00 | 110,986.00 | 323,200.00 |
| Total Capital Outlay | 941,941.00 | (468,660.08) | 473,280.92 | 144,522.92 | 328,758.00 |
| Transfer of Funds to Charter School | 842,813.00 | (671,162.87) | 171,650.13 | 46,631.00 | 125,019.13 |
| Total Expenditures | 58,469,004.11 | (184,400.28) | 58,284,603.83 | 59,422,688.85 | (1,138,085.02) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (3,876,216.11) | 184,400.28 | (3,691,815.83) | 2,097,181.94 | 5,788,997.77 |

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|--------------------|-------------------------|-----------------|------------------|--|
| Other Financing Sources (Uses): | | | | | |
| Operating Transfer Out -- Food Service Fund Transfer to Cover Deficit | | (7,095.73) | (7,095.73) | (7,095.73) | |
| Operating Transfer Out -- Capital Reserve Transferred to Capital Projects Fund | | (502,255.00) | (502,255.00) | (502,255.00) | |
| Operating Transfer In -- Capital Project Balances Canceled to Capital Reserve | | | | 1,009,861.00 | \$ 1,009,861.00 |
| Total Other Financing Sources (Uses): | - | (509,350.73) | (509,350.73) | 500,510.27 | 1,009,861.00 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | \$ (3,876,216.11) | (324,950.45) | (4,201,166.56) | 2,597,692.21 | 6,798,858.77 |
| Fund Balances, July 1 | 11,426,619.74 | - | 11,426,619.74 | 11,426,619.74 | - |
| Fund Balances, June 30 | \$ 7,550,403.63 | \$ (324,950.45) | \$ 7,225,453.18 | \$ 14,024,311.95 | \$ 6,798,858.77 |

Recapitulation:

| | |
|---|------------------|
| Restricted Fund Balance: | |
| Capital Reserve | \$ 3,935,890.00 |
| Capital Reserve -- Designated for Subsequent Year's Expenditures | 328,014.00 |
| Maintenance Reserve | 2,147,622.24 |
| Maintenance Reserve -- Designated for Subsequent Year's Expenditures | 586,148.00 |
| Emergency Reserve | 315,633.60 |
| Excess Surplus | 2,196,874.00 |
| Excess Surplus -- Designated for Subsequent Year's Expenditures | 2,198,744.46 |
| Assigned Fund Balance: | |
| Other Purposes | 296,044.01 |
| Designated for Subsequent Year's Expenditures | 392,131.22 |
| SEMI Cost Settlement 7/1/13 - 6/30/14 Designated for Subsequent Year's Expenditures | 38,024.16 |
| ARRA / SEMI 10/1/08 - 12/31/10 Designated for Subsequent Year's Expenditures | 59,670.32 |
| Unassigned Fund Balance | 1,529,515.94 |
| | 14,024,311.95 |
| | (2,220,724.00) |
| | \$ 11,803,587.95 |

Reconciliation to Governmental Funds Statements (GAAP):
 Last State Aid Payment Not Recognized on GAAP Basis

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2016

| REVENUES: | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|------------------------|-------------------------|------------------------|------------------------|--|
| Local Sources: | | | | | |
| Atlanti Care Garden | \$ 1,500.00 | | \$ 1,500.00 | 910.99 | \$ 589.01 |
| Atlanti Care School Health | 2,318.94 | | 2,318.94 | 2,243.35 | 75.59 |
| Raymour & Flanigan Music Donation | 900.00 | | 900.00 | 876.93 | 23.07 |
| James Patterson & Scholastic Reading Club Grant | 3,000.00 | | 3,000.00 | 2,929.63 | 70.37 |
| GTEA Music Donation | 139.81 | | 139.81 | 139.81 | - |
| FSA Sports Grant | 500.00 | | 500.00 | 389.54 | 110.46 |
| Wrestling | 1,905.00 | | 1,905.00 | 7,822.22 | 1,905.00 |
| Sustainable Jersey Small School Grant | 8,000.00 | | 8,000.00 | 177.78 | 177.78 |
| Galloway Education Foundation | 13,349.23 | | 13,349.23 | 12,603.62 | 745.61 |
| Total - Local Sources | - | 31,612.98 | 31,612.98 | 27,776.28 | 3,836.70 |
| State Sources: | | | | | |
| Nonpublic Aid | \$ 225,000.00 | 110,755.00 | 335,755.00 | 277,351.68 | 58,403.32 |
| Preschool Education Aid | 102,300.00 | | 102,300.00 | 81,588.45 | 20,711.55 |
| Total - State Sources | 327,300.00 | 110,755.00 | 438,055.00 | 358,940.13 | 79,114.87 |
| Federal Sources: | | | | | |
| Title I | 342,350.00 | 205,616.00 | 547,966.00 | 525,788.22 | 22,177.78 |
| Title II A | 56,850.00 | 25,782.00 | 82,632.00 | 80,092.33 | 2,539.67 |
| Title III | 28,450.00 | 20,461.00 | 48,911.00 | 27,157.02 | 21,753.98 |
| I.D.E.A., Part B Basic | 805,000.00 | 196,160.00 | 1,001,160.00 | 931,136.72 | 70,023.28 |
| I.D.E.A., Part B, Preschool Incentive | 53,601.00 | 53,601.00 | 53,601.00 | 23,671.80 | 29,929.20 |
| Race to the Top | 1,065,421.00 | 8,250.00 | 8,250.00 | 8,250.00 | - |
| Preschool Development Grant | 1,065,421.00 | 1,065,421.00 | 1,065,421.00 | 901,882.71 | 163,538.29 |
| Total - Federal Sources | 2,298,071.00 | 509,870.00 | 2,807,941.00 | 2,489,728.80 | 318,212.20 |
| Total Revenues | \$ 2,625,371.00 | \$ 652,237.98 | \$ 3,277,608.98 | \$ 2,876,445.21 | \$ 401,163.77 |

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Modifications | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|--|------------------------|-------------------------|------------------------|------------------------|--|
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | \$ 643,548.66 | \$ 279,250.47 | \$ 922,799.13 | \$ 849,905.48 | \$ 72,893.65 |
| Other Salaries for Instruction | 120,440.00 | 24,929.00 | 145,369.00 | 120,983.00 | 24,386.00 |
| Purchased Professional & Educational Services | 39,399.30 | 28,047.70 | 67,447.00 | 52,670.00 | 14,777.00 |
| Other Purchased Services | 442,237.00 | 116,013.00 | 558,250.00 | 550,000.00 | 8,250.00 |
| General Supplies | 246,978.64 | 30,500.58 | 277,479.22 | 245,467.67 | 32,011.55 |
| Textbooks | 30,000.00 | 3,290.00 | 33,290.00 | 29,569.05 | 3,720.95 |
| Other Objects | 10,000.00 | (6,000.00) | 4,000.00 | 1,910.00 | 2,090.00 |
| Total Instruction | 1,532,603.60 | 476,030.75 | 2,008,634.35 | 1,850,505.20 | 158,129.15 |
| Support Services: | | | | | |
| Salaries of Other Professional Staff | 151,836.33 | (26,582.99) | 125,253.34 | 109,964.80 | 15,288.54 |
| Personal Services - Employee Benefits | 200,182.58 | 167,136.77 | 367,319.35 | 267,250.33 | 100,069.02 |
| Purchased Professional & Technical Services | 253,476.94 | 108,302.10 | 361,779.04 | 281,335.19 | 80,443.85 |
| Cleaning, Repair and Maintenance Services | 140,000.00 | (120,000.00) | 20,000.00 | 15,886.31 | 4,113.69 |
| Rentals | 40,000.00 | 100,000.00 | 140,000.00 | 134,426.30 | 5,573.70 |
| Other Purchased Services | 198,969.24 | (3,972.16) | 194,997.08 | 181,290.21 | 13,706.87 |
| Supplies and Materials | 40,185.98 | 19,239.84 | 59,425.82 | 35,786.87 | 23,638.95 |
| Other Objects | 116.33 | 83.67 | 200.00 | | 200.00 |
| Total Support Services | 1,024,767.40 | 244,207.23 | 1,268,974.63 | 1,025,940.01 | 243,034.62 |
| Capital Outlay: | | | | | |
| Instructional Equipment | 43,000.00 | (43,000.00) | - | - | - |
| Non-Instructional Equipment | 25,000.00 | (25,000.00) | - | - | - |
| Total Capital Outlay | 68,000.00 | (68,000.00) | - | - | - |
| Total Expenditures | \$ 2,625,371.00 | \$ 652,237.98 | \$ 3,277,608.98 | \$ 2,876,445.21 | \$ 401,163.77 |
| Excess (Deficiency) of Revenues Over (Under Expenditures) | - | - | - | - | - |

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

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

| | <u>General Fund</u> | <u>Special Revenue Fund</u> |
|--|-------------------------|-------------------------------------|
| Sources / Inflows of Resources: | | |
| Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules | \$ 61,519,870.79 | \$ 2,876,445.21 |
| Differences - Budget to GAAP: | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | (16,963.56) |
| The Restricted State Aids recorded in the Special Revenue Fund are realized utilizing the budgetary basis which dictates that revenue must equal expenditures and differs from GAAP which recognizes the revenue once the eligibility criteria are met as specified in Note 1 and GASB 33. | | 20,711.55 |
| The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July 2015. | 2,236,530.00 | 10,230.00 |
| The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July 2016. | <u>(2,220,724.00)</u> | <u>(10,230.00)</u> |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | <u>\$ 61,535,676.79</u> | <u>\$ 2,880,193.20</u> |
| Uses / Outflows of Resources: | | |
| Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule | \$ 59,422,688.85 | \$ 2,876,445.21 |
| Differences - Budget to GAAP: | | |
| Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes. | | <u>(16,963.56)</u> |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2) | <u>\$ 59,422,688.85</u> | <u>\$ 2,859,481.65</u> |

REQUIRED SUPPLEMENTARY INFORMATION
PART III

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

| | <u>Measurement Date Ending June 30,</u> | | |
|--|---|------------------|------------------|
| | <u>2015</u> | <u>2014</u> | <u>2013</u> |
| School District's Proportion of the Net Pension Liability | 0.0886435742% | 0.0923125078% | 0.0853225517% |
| School District's Proportionate Share of the Net Pension Liability | \$ 19,898,706.00 | \$ 17,283,426.00 | \$ 16,306,835.00 |
| School District's Covered Payroll (Plan Measurement Period) | \$ 6,596,172.00 | \$ 6,937,600.00 | \$ 6,409,972.00 |
| School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll | 301.67% | 249.13% | 254.40% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 47.93% | 52.08% | 48.72% |

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Contributions
 Public Employees' Retirement System (PERS)
 Last Three Fiscal Years

| | Fiscal Year Ended June 30, | | |
|---|-----------------------------------|---------------------|---------------------|
| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
| Contractually Required Contribution | \$ 793,295.00 | \$ 762,097.00 | \$ 761,011.00 |
| Contributions in Relation to the Contractually Required Contribution | <u>(793,295.00)</u> | <u>(762,097.00)</u> | <u>(761,011.00)</u> |
| Contribution Deficiency (Excess) | <u>-</u> | <u>-</u> | <u>-</u> |
| School District's Covered Payroll (Fiscal Year) | \$ 6,258,971.00 | \$ 6,012,465.00 | \$ 6,007,127.00 |
| Contributions as a Percentage of School District's Covered Payroll | 12.67% | 12.68% | 12.67% |

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

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

| | Measurement Date Ending June 30, | | |
|---|---|--------------------------|--------------------------|
| | <u>2015</u> | <u>2014</u> | <u>2013</u> |
| School District's Proportion of the Net Pension Liability | 0.00% | 0.00% | 0.00% |
| State's Proportion of the Net Pension Liability Associated with the School District | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> |
| | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> |
| School District's Proportionate Share of the Net Pension Liability | - | - | - |
| State's Proportionate Share of the School District's Net Pension Liability | <u>\$ 150,849,003.00</u> | <u>\$ 127,288,433.00</u> | <u>\$ 116,890,790.00</u> |
| | <u>\$ 150,849,003.00</u> | <u>\$ 127,288,433.00</u> | <u>\$ 116,890,790.00</u> |
| School District's Covered Payroll (Plan Measurement Period) | \$ 29,022,944.00 | \$ 28,075,876.00 | \$ 27,482,672.00 |
| School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll | 0.00% | 0.00% | 0.00% |
| State's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll | 519.76% | 453.37% | 425.33% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 28.71% | 33.64% | 33.76% |

Note: This schedule is presented to illustrate the requirement to show information for 10 years.
 However, until a full 10-year trend is compiled, this presentation will only include information
 for those years for which information is available.

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
Required Supplementary Information
Schedule of the School District's Contributions
Teachers' Pension and Annuity Fund (TPAF)
Last 10 Fiscal Years

This schedule is not applicable.

The School District is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
Notes to Required Supplementary Information - Part III
For the Fiscal Year Ended June 30, 2016

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 5.39% as of June 30, 2014, to 4.90% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 4.68% as of June 30, 2014, to 4.13% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

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

| | N.C.L.B. | | I.D.E.A. Part B | | | Total Brought Forward |
|--|------------------------|----------------------|---------------------|---------------------|----------------------|-----------------------------|
| | Total | Title I | Title II Part A | Title III | Basic | Preschool |
| REVENUES: | | | | | | |
| Federal Sources | \$ 2,489,728.80 | \$ 525,788.22 | \$ 80,092.33 | \$ 27,157.02 | \$ 931,136.72 | \$ 23,671.80 |
| State Sources | 358,940.13 | | | | | |
| Local Sources | 27,776.28 | | | | | |
| Total Revenues | \$ 2,876,445.21 | \$ 525,788.22 | \$ 80,092.33 | \$ 27,157.02 | \$ 931,136.72 | \$ 23,671.80 |
| EXPENDITURES: | | | | | | |
| Instruction: | | | | | | |
| Salaries of Teachers | \$ 849,905.48 | \$ 339,921.98 | | \$ 10,545.23 | \$ 173,600.34 | |
| Other Salaries for Instruction | 120,983.00 | | | | | |
| Purchased Professional & Educational Services | 52,670.00 | | | | 43,374.00 | \$ 849.00 |
| Other Purchased Services | 550,000.00 | | | | 550,000.00 | |
| General Supplies | 245,467.67 | 66,757.39 | | 11,213.64 | 64,728.56 | 15,539.16 |
| Textbooks | 29,569.05 | | | | | |
| Other Objects | 1,910.00 | | | | | 1,910.00 |
| Total Instruction | 1,850,505.20 | 406,679.37 | - | 21,758.87 | 831,702.90 | 18,298.16 |
| Support Services: | | | | | | |
| Salaries of Other Professional Staff | 109,964.80 | 11,524.01 | \$ 47,680.45 | 2,335.75 | 8,562.59 | |
| Personal Services - Employee Benefits | 267,250.33 | 65,133.04 | 3,645.04 | 985.40 | 13,380.50 | |
| Purchased Professional & Technical Services | 281,335.19 | | 20,163.00 | | 61,937.89 | 5,000.00 |
| Cleaning, Repair and Maintenance Services | 15,886.31 | | | | | |
| Rentals | 134,426.30 | | | | | |
| Other Purchased Services | 181,290.21 | 40,598.03 | 5,528.63 | 2,077.00 | 1,944.00 | |
| Supplies and Materials | 35,786.87 | 1,853.77 | 3,075.21 | | 13,608.84 | 373.64 |
| Total Support Services | 1,025,940.01 | 119,108.85 | 80,092.33 | 5,398.15 | 99,433.82 | 5,373.64 |
| Total Expenditures | 2,876,445.21 | 525,788.22 | 80,092.33 | 27,157.02 | 931,136.72 | 23,671.80 |
| Excess (Deficiency) of Revenues Over (Under Expenditures) | - | - | - | - | - | - |

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

| | Total Carried Forward | Preschool Development Grant | Preschool Education Aid | Nonpublic Textbook Aid, Ch. 194, L. 1979 | Nonpublic Nursing Aid | Nonpublic Technology | Total Brought Forward |
|---|------------------------|-----------------------------|-------------------------|--|-----------------------|----------------------|-----------------------|
| REVENUES: | | | | | | | |
| Federal Sources | \$ 901,882.71 | \$ 901,882.71 | | | | | \$ 181,900.42 |
| State Sources | 358,940.13 | | \$ 81,588.45 | \$ 29,569.05 | \$ 52,062.15 | \$ 13,820.06 | \$ 27,776.28 |
| Local Sources | 27,776.28 | | | | | | |
| Total Revenues | \$ 1,288,599.12 | \$ 901,882.71 | \$ 81,588.45 | \$ 29,569.05 | \$ 52,062.15 | \$ 13,820.06 | \$ 209,676.70 |
| EXPENDITURES: | | | | | | | |
| Instruction: | | | | | | | |
| Salaries of Teachers | \$ 325,837.93 | \$ 171,026.77 | \$ 53,352.20 | | | | \$ 101,458.96 |
| Other Salaries for Instruction | 120,983.00 | 92,746.75 | 28,236.25 | | | | 8,447.00 |
| Purchased Professional & Educational Services | 8,447.00 | | | | | | |
| Other Purchased Services | | | | | | | |
| General Supplies | 87,228.92 | 50,112.43 | | | | | |
| Textbooks | 29,569.05 | | | \$ 29,569.05 | | | |
| Other Objects | | | | | | | |
| Total Instruction | 572,065.90 | 313,885.95 | 81,588.45 | 29,569.05 | - | 13,820.06 | 133,202.39 |
| Support Services: | | | | | | | |
| Salaries of Other Professional Staff | 39,862.00 | 39,862.00 | | | | | |
| Personal Services - Employee Benefits | 184,106.35 | 169,880.89 | | | | | 14,225.46 |
| Purchased Professional & Technical Services | 194,234.30 | 92,118.26 | | | \$ 44,347.04 | | 57,769.00 |
| Cleaning, Repair and Maintenance Services | 15,886.31 | 15,886.31 | | | | | |
| Rentals | 134,426.30 | 134,426.30 | | | | | |
| Other Purchased Services | 131,142.55 | 130,858.80 | | | | | 283.75 |
| Supplies and Materials | 16,875.41 | 4,964.20 | | | 7,715.11 | | 4,196.10 |
| Total Support Services | 716,533.22 | 587,996.76 | - | - | 52,062.15 | - | 76,474.31 |
| Total Expenditures | 1,288,599.12 | 901,882.71 | 81,588.45 | 29,569.05 | 52,062.15 | 13,820.06 | 209,676.70 |
| Excess (Deficiency) of Revenues Over (Under Expenditures) | - | - | - | - | - | - | - |

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

| | Total Carried Forward | N.J. Nonpublic Auxiliary Services Ch. 192 | | | N.J. Nonpublic Handicapped Services - Ch. 193 | | | Total Brought Forward |
|---|-----------------------|---|------------------------|--------------------------|---|-------------------|------------------|-----------------------|
| | | Home Instruction | Compensatory Education | Supplemental Instruction | Examination and Classification | Corrective Speech | | |
| REVENUES: | | | | | | | | |
| Federal Sources | | | | | | | | |
| State Sources | \$ 181,900.42 | \$ 8,447.00 | \$ 69,984.46 | \$ 31,487.50 | \$ 40,290.26 | \$ 16,492.20 | \$ 15,199.00 | |
| Local Sources | <u>27,776.28</u> | | | | | | <u>27,776.28</u> | |
| Total Revenues | \$ 209,676.70 | \$ 8,447.00 | \$ 69,984.46 | \$ 31,487.50 | \$ 40,290.26 | \$ 16,492.20 | \$ 42,975.28 | |
| EXPENDITURES: | | | | | | | | |
| Instruction: | | | | | | | | |
| Salaries of Teachers | \$ 101,458.96 | | \$ 48,776.50 | | \$ 36,190.26 | \$ 16,492.20 | | |
| Other Salaries for Instruction | | | | | | | | |
| Purchased Professional & Educational Services | 8,447.00 | \$ 8,447.00 | | | | | | |
| Other Purchased Services | | | | | | | | |
| General Supplies | 23,296.43 | | | | | | \$ 23,296.43 | |
| Textbooks | | | | | | | | |
| Other Objects | | | | | | | | |
| Total Instruction | 133,202.39 | 8,447.00 | 48,776.50 | - | 36,190.26 | 16,492.20 | 23,296.43 | |
| Support Services: | | | | | | | | |
| Salaries of Other Professional Staff | | | | | | | | |
| Personal Services - Employee Benefits | 14,225.46 | | 14,225.46 | | | | | |
| Purchased Professional & Technical Services | 57,769.00 | | 6,982.50 | \$ 31,487.50 | 4,100.00 | | 15,199.00 | |
| Cleaning, Repair and Maintenance Services | | | | | | | | |
| Rentals | | | | | | | | |
| Other Purchased Services | 283.75 | | | | | | 283.75 | |
| Supplies and Materials | 4,196.10 | | | | | | 4,196.10 | |
| Total Support Services | 76,474.31 | - | 21,207.96 | 31,487.50 | 4,100.00 | - | 19,678.85 | |
| Total Expenditures | 209,676.70 | 8,447.00 | 69,984.46 | 31,487.50 | 40,290.26 | 16,492.20 | 42,975.28 | |
| Excess (Deficiency) of Revenues Over (Under Expenditures) | - | - | - | - | - | - | - | |

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

| | Total Carried Forward | Nonpublic Security | Atlanti Care Garden Grant | Atlanti Care School Health | Galloway Education Foundation | Raymour & Flanigan Music Donation | Total Brought Forward |
|---|-----------------------------|-----------------------|------------------------------|-------------------------------|-------------------------------------|---|-----------------------------|
| REVENUES: | | | | | | | |
| Federal Sources | | | | | | | |
| State Sources | \$ 15,199.00 | \$ 15,199.00 | \$ 910.99 | \$ 2,243.35 | \$ 12,603.62 | \$ 876.93 | \$ 11,141.39 |
| Local Sources | <u>27,776.28</u> | | | | | | |
| Total Revenues | <u>\$ 42,975.28</u> | <u>\$ 15,199.00</u> | <u>\$ 910.99</u> | <u>\$ 2,243.35</u> | <u>\$ 12,603.62</u> | <u>\$ 876.93</u> | <u>\$ 11,141.39</u> |
| EXPENDITURES: | | | | | | | |
| Instruction: | | | | | | | |
| Salaries of Teachers | | | | | | | |
| Other Salaries for Instruction | | | | | | | |
| Purchased Professional & Educational Services | | | | | | | |
| Other Purchased Services | | | | | | | |
| General Supplies | \$ 23,296.43 | \$ 910.99 | \$ 2,243.35 | \$ 12,319.87 | | | \$ 7,822.22 |
| Textbooks | | | | | | | |
| Other Objects | | | | | | | |
| Total Instruction | <u>23,296.43</u> | <u>-</u> | <u>910.99</u> | <u>2,243.35</u> | <u>12,319.87</u> | <u>-</u> | <u>7,822.22</u> |
| Support Services: | | | | | | | |
| Salaries of Other Professional Staff | | | | | | | |
| Personal Services - Employee Benefits | | | | | | | |
| Purchased Professional & Technical Services | 15,199.00 | \$ 15,199.00 | | | | | |
| Cleaning, Repair and Maintenance Services | | | | | | | |
| Rentals | | | | | | | |
| Other Purchased Services | 283.75 | | | | 283.75 | \$ 876.93 | 3,319.17 |
| Supplies and Materials | <u>4,196.10</u> | | | | | | |
| Total Support Services | <u>19,678.85</u> | <u>15,199.00</u> | <u>-</u> | <u>-</u> | <u>283.75</u> | <u>876.93</u> | <u>3,319.17</u> |
| Total Expenditures | <u>42,975.28</u> | <u>15,199.00</u> | <u>910.99</u> | <u>2,243.35</u> | <u>12,603.62</u> | <u>876.93</u> | <u>11,141.39</u> |
| Excess (Deficiency) of Revenues Over (Under Expenditures) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

(Continued)

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

| | <u>Total Carried Forward</u> | <u>James Patterson & Scholastic Reading Club Grant</u> | <u>FSA Sports Grant</u> | <u>Sustainable Jersey Small School</u> |
|--|------------------------------|--|-------------------------|--|
| REVENUES: | | | | |
| Federal Sources | | | | |
| State Sources | | | | |
| Local Sources | \$ 11,141.39 | \$ 2,929.63 | \$ 389.54 | \$ 7,822.22 |
| Total Revenues | <u>\$ 11,141.39</u> | <u>\$ 2,929.63</u> | <u>\$ 389.54</u> | <u>\$ 7,822.22</u> |
| EXPENDITURES: | | | | |
| Instruction: | | | | |
| Salaries of Teachers | | | | |
| Other Salaries for Instruction | | | | |
| Purchased Professional & Educational Services | | | | |
| Other Purchased Services | | | | |
| General Supplies | \$ 7,822.22 | | | \$ 7,822.22 |
| Textbooks | | | | |
| Other Objects | | | | |
| Total Instruction | <u>7,822.22</u> | <u>-</u> | <u>-</u> | <u>7,822.22</u> |
| Support Services: | | | | |
| Salaries of Other Professional Staff | | | | |
| Personal Services - Employee Benefits | | | | |
| Purchased Professional & Technical Services | | | | |
| Cleaning, Repair and Maintenance Services | | | | |
| Rentals | | | | |
| Other Purchased Services | 3,319.17 | \$ 2,929.63 | \$ 389.54 | |
| Supplies and Materials | <u>3,319.17</u> | <u>2,929.63</u> | <u>389.54</u> | <u>-</u> |
| Total Support Services | <u>11,141.39</u> | <u>2,929.63</u> | <u>389.54</u> | <u>7,822.22</u> |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over (Under Expenditures) | | | | |

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Special Revenue Fund
 Schedule of Preschool Education Aid
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2016

| | <u>Budgeted</u> | <u>Actual</u> | <u>Variance</u> |
|--------------------------------|----------------------|---------------------|---------------------|
| EXPENDITURES: | | | |
| Instruction: | | | |
| Salaries of Teachers | \$ 66,770.00 | \$ 53,352.20 | \$ 13,417.80 |
| Other Salaries for Instruction | <u>35,530.00</u> | <u>28,236.25</u> | <u>7,293.75</u> |
| Total Expenditures | <u>\$ 102,300.00</u> | <u>\$ 81,588.45</u> | <u>\$ 20,711.55</u> |

Calculation of Budget and Carryover

| | |
|---|---------------------|
| Total Revised 2015-2016 Preschool Education Aid Allocation | \$ 102,300.00 |
| Add: Actual ECPA Carryover (June 30, 2015) | 27,233.00 |
| Add: Budgeted Transfer from the General Fund 2015-16 | <u>-</u> |
| Total Preschool Education Aid Funds Available for 2015-16 Budget | 129,533.00 |
| Less: 2015-16 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover) | <u>(102,300.00)</u> |
| Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2016 | 27,233.00 |
| Add: 2015-16 Unexpended Preschool Education Aid | 20,711.55 |
| Less: 2015-16 Commissioner Approved Transfer to General Fund | <u>-</u> |
| 2015-2016 Carryover -- Preschool Education Aid | <u>\$ 47,944.55</u> |
| 2015-16 Preschool Education Aid Carryover Budgeted in 2016-17 | <u>\$ 27,233.00</u> |

CAPITAL PROJECTS FUND

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

| Project Title / Issue | Original Date | Appropriations | Expenditures to Date | | Cancellations | Unexpended Balance June 30, 2016 |
|---|---------------|------------------------|------------------------|------------------------|------------------------|----------------------------------|
| | | | Prior Years | Current Year | | |
| Installation of Solar Panels at the Galloway Township Middle School State Project # 1690-016-09-1000 | 4/21/2009 | \$ 2,366,000.00 | \$ 2,159,478.32 | | \$ 169,000.00 | \$ 37,521.68 |
| Roland Rogers Roof Replacement State Project # 1690-046-14-1003-G04 | 5/14/2014 | 2,171,634.00 | 1,303,762.00 | | 867,872.00 | |
| Smithville Roof Replacement State Project # 1690-048-14-1004-G04 | 5/19/2014 | 2,171,874.00 | 1,314,290.00 | | 857,584.00 | |
| Reeds Road Fire Alarm Replacement State Project # 1690-045-14-1001-G04 | 7/1/2015 | 293,000.00 | \$ | 19,189.00 | | 273,811.00 |
| Roland Rogers Fire Alarm Replacement State Project # 1690-046-14-1002-G04 | 7/1/2015 | 332,000.00 | | 20,000.00 | | 312,000.00 |
| Smithville Fire Alarm Replacement State Project # 1690-048-14-1005-G04 | 7/1/2015 | 332,000.00 | | 97,048.00 | | 234,952.00 |
| | | <u>\$ 7,666,508.00</u> | <u>\$ 4,777,530.32</u> | <u>\$ 136,237.00</u> | <u>\$ 1,894,456.00</u> | <u>\$ 858,284.68</u> |
| Cancelled to Debt Service Fund | | | | \$ 169,000.00 | | |
| Transferred to General Fund -- Capital Reserve | | | | 1,009,861.00 | | |
| Cancellation of SDA Grants | | | | 715,595.00 | | |
| | | | | <u>\$ 1,894,456.00</u> | | |
| Reconciliation to Governmental Funds Statements (GAAP): | | | | | | \$ 858,284.68 |
| Unexpended Balance as of June 30, 2016 | | | | | | (454,745.00) |
| SDA Grant Revenue Not Recognized on GAAP Basis | | | | | | \$ 403,539.68 |
| Fund Balance per Governmental Funds (GAAP) | | | | | | <u>\$ 403,539.68</u> |

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Summary Schedule of Revenue, Expenditure, and Change in Fund Balances
 For the Fiscal Year Ended June 30, 2016

Revenues and Other Financing Sources

| | | |
|---|--|-------------------|
| State Sources--EDA Grant | | \$ 454,745.00 |
| Bond Proceeds and Transfers | | |
| Transfer from Capital Reserve | | 502,255.00 |
| Transfer from (to) Other Local Projects | | |
| | | <u>957,000.00</u> |
| Total Revenues | | <u>957,000.00</u> |

Expenditures and Other Financing Uses

| | | |
|--|--------------|---------------------|
| Expenditures: | | |
| Purchased Professional and Technical Services | \$ 65,237.00 | |
| Construction Services | 71,000.00 | |
| | | <u>136,237.00</u> |
| Total Expenditures | | <u>136,237.00</u> |
| Other Financing Uses: | | |
| Cancellation of Authorized Costs: | | |
| Transferred to Debt Service Fund | 169,000.00 | |
| Transferred to General Fund -- Capital Reserve | 1,009,861.00 | |
| Cancellation of SDA Grants | 715,595.00 | |
| | | <u>1,894,456.00</u> |
| Total Other Financing Uses | | <u>1,894,456.00</u> |
| Total Expenditures and Other Financing Uses | | <u>2,030,693.00</u> |

Excess (Deficiency) of Revenues Over (Under) Expenditures (1,073,693.00)

Fund Balance -- July 1 1,931,977.68

Fund Balance -- June 30 \$ 858,284.68

Reconciliation to Governmental Funds Statements (GAAP):

| | | |
|--|---------------|---------------------|
| Fund Balance as of June 30, 2016 | \$ 858,284.68 | |
| SDA Grant Revenue Not Recognized on GAAP Basis | (454,745.00) | |
| | | <u>(454,745.00)</u> |

Fund Balance per Governmental Funds (GAAP) \$ 403,539.68

Note: For F-2 Exhibits, SDA Grant awards are recognized as revenue and encumbrances are not included in expenditures.

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
 Installation of Solar Panels at the Galloway Township Middle School
 For the Inception and for the Fiscal Year Ended June 30, 2016

| | <u>Prior Years</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|--|----------------------|------------------------|---------------------|--|
| Revenues and Other Financing Sources | | | | |
| State Sources--EDA Grant | | | | |
| Bond Proceeds and Transfers | \$ 2,366,000.00 | | \$ 2,366,000.00 | \$ 2,366,000.00 |
| Transfer from Capital Reserve | | | | |
| Transfer from (to) Other Local Projects | | | | |
| Total Revenues | <u>2,366,000.00</u> | <u>-</u> | <u>2,366,000.00</u> | <u>2,366,000.00</u> |
| Expenditures and Other Financing Uses | | | | |
| Purchased Professional and Technical Services | 57,478.32 | | 57,478.32 | 57,478.32 |
| Construction Services | 836,459.00 | | 836,459.00 | 1,042,980.68 |
| Transfer to General Fund -- Unrestricted | 758,541.00 | | 758,541.00 | 758,541.00 |
| Transfer to Debt Service Fund | 507,000.00 | \$ 169,000.00 | 676,000.00 | 507,000.00 |
| Transfer to General Fund -- Capital Reserve | | | | |
| Total Expenditures | <u>2,159,478.32</u> | <u>169,000.00</u> | <u>2,328,478.32</u> | <u>2,366,000.00</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ 206,521.68</u> | <u>\$ (169,000.00)</u> | <u>\$ 37,521.68</u> | <u>-</u> |
| Designated for Subsequent Years Expenditures | | | <u>\$ 37,521.68</u> | |

Additional Project Information:

| | |
|---|------------------|
| Project Number | 1690-016-09-1000 |
| Grant Date | N/A |
| Bond Authorization Date | 4/21/2009 |
| Bonds Authorized | \$ 2,366,000.00 |
| Bonds Issued | \$ 2,366,000.00 |
| Original Authorized Cost | \$ 2,366,000.00 |
| Additional Authorized Cost | \$ - |
| Revised Authorized Cost | \$ 2,366,000.00 |
| Percentage Increase over Original Authorized Cost | |
| Percentage Completion | 98.41% |
| Original Target Completion Date | 9/30/2009 |
| Revised Target Completion Date | 6/30/2012 |

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 Roland Rogers Roof Replacement
 For the Inception and for the Fiscal Year Ended June 30, 2016

| | <u>Prior Years</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|--|----------------------|------------------------|---------------------|--|
| Revenues and Other Financing Sources | | | | |
| State Sources--EDA Grant | \$ 979,819.00 | \$ (360,299.00) | \$ 619,520.00 | \$ 619,520.00 |
| Bond Proceeds and Transfers | | | | |
| Transfer from Capital Reserve | 1,082,181.00 | | 1,082,181.00 | 1,082,181.00 |
| Transfer from (to) Other Local Projects | 109,634.00 | | 109,634.00 | 109,634.00 |
| | <u>2,171,634.00</u> | <u>(360,299.00)</u> | <u>1,811,335.00</u> | <u>1,811,335.00</u> |
| Total Revenues | | | | |
| Expenditures and Other Financing Uses | | | | |
| Purchased Professional and Technical Services | 138,629.00 | | 138,629.00 | 138,629.00 |
| Construction Services | 1,165,133.00 | | 1,165,133.00 | 1,165,133.00 |
| Transfer to General Fund -- Unrestricted | | | | |
| Transfer to Debt Service Fund | | | | |
| Transfer to General Fund -- Capital Reserve | | 507,573.00 | 507,573.00 | 507,573.00 |
| | <u>1,303,762.00</u> | <u>507,573.00</u> | <u>1,811,335.00</u> | <u>1,811,335.00</u> |
| Total Expenditures | | | | |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ 867,872.00</u> | <u>\$ (867,872.00)</u> | <u>-</u> | <u>-</u> |

Additional Project Information:

| | |
|---|----------------------|
| Project Number | 1690-046-14-1003-G04 |
| Grant Date | 1/6/2014 |
| Bond Authorization Date | N/A |
| Bonds Authorized | N/A |
| Bonds Issued | N/A |
| Original Authorized Cost | \$ 2,062,000.00 |
| Additional Authorized Cost | \$ (250,665.00) |
| Revised Authorized Cost | \$ 1,811,335.00 |
| Percentage Increase over Original Authorized Cost | -12.16% |
| Percentage Completion | 100.00% |
| Original Target Completion Date | 5/14/2014 |
| Revised Target Completion Date | 8/30/2015 |

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 Smithville Roof Replacement
 For the Inception and for the Fiscal Year Ended June 30, 2016

| | <u>Prior Years</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|--|----------------------|------------------------|---------------------|--|
| Revenues and Other Financing Sources | | | | |
| State Sources--EDA Grant | \$ 979,819.00 | \$ (355,296.00) | \$ 624,523.00 | \$ 624,523.00 |
| Bond Proceeds and Transfers | | | | |
| Transfer from Capital Reserve | 1,082,181.00 | | 1,082,181.00 | 1,082,181.00 |
| Transfer from (to) Other Local Projects | 109,874.00 | | 109,874.00 | 109,874.00 |
| | <u>2,171,874.00</u> | <u>(355,296.00)</u> | <u>1,816,578.00</u> | <u>1,816,578.00</u> |
| Total Revenues | | | | |
| Expenditures and Other Financing Uses | | | | |
| Purchased Professional and Technical Services | 138,878.00 | | 138,878.00 | 138,878.00 |
| Construction Services | 1,175,412.00 | | 1,175,412.00 | 1,175,412.00 |
| Transfer to General Fund -- Unrestricted | | | | |
| Transfer to Debt Service Fund | | | | |
| Transfer to General Fund -- Capital Reserve | | 502,288.00 | 502,288.00 | 502,288.00 |
| | <u>1,314,290.00</u> | <u>502,288.00</u> | <u>1,816,578.00</u> | <u>1,816,578.00</u> |
| Total Expenditures | | | | |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>\$ 857,584.00</u> | <u>\$ (857,584.00)</u> | <u>-</u> | <u>-</u> |

Additional Project Information:

| | |
|---|----------------------|
| Project Number | 1690-048-14-1004-G04 |
| Grant Date | 1/6/2014 |
| Bond Authorization Date | N/A |
| Bonds Authorized | N/A |
| Bonds Issued | N/A |
| Original Authorized Cost | \$ 2,062,000.00 |
| Additional Authorized Cost | \$ (245,422.00) |
| Revised Authorized Cost | \$ 1,816,578.00 |
| Percentage Increase over Original Authorized Cost | -11.90% |
| Percentage Completion | 100.00% |
| Original Target Completion Date | 5/19/2014 |
| Revised Target Completion Date | 8/30/2015 |

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 Reeds Road Fire Alarm Replacement
 For the Inception and for the Fiscal Year Ended June 30, 2016

| | <u>Prior Years</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|--|--------------------|----------------------|----------------------|--|
| Revenues and Other Financing Sources | | | | |
| State Sources--EDA Grant | | \$ 139,227.00 | \$ 139,227.00 | \$ 139,227.00 |
| Bond Proceeds and Transfers | | | | |
| Transfer from Capital Reserve | | 153,773.00 | 153,773.00 | 153,773.00 |
| Transfer from (to) Other Local Projects | | | | |
| Total Revenues | <u>-</u> | <u>293,000.00</u> | <u>293,000.00</u> | <u>293,000.00</u> |
| Expenditures and Other Financing Uses | | | | |
| Purchased Professional and Technical Services | | 19,189.00 | 19,189.00 | 50,000.00 |
| Construction Services | | | | 243,000.00 |
| Transfer to General Fund -- Unrestricted | | | | |
| Transfer to Debt Service Fund | | | | |
| Transfer to General Fund -- Capital Reserve | | | | |
| Total Expenditures | <u>-</u> | <u>19,189.00</u> | <u>19,189.00</u> | <u>293,000.00</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>-</u> | <u>\$ 273,811.00</u> | <u>\$ 273,811.00</u> | <u>-</u> |
| Encumbered | | | \$ 172,311.00 | |
| Designated for Subsequent Years Expenditures | | | <u>101,500.00</u> | |
| | | | <u>\$ 273,811.00</u> | |

Additional Project Information:

| | |
|---|----------------------|
| Project Number | 1690-045-14-1001-G04 |
| Grant Date | 1/6/2014 |
| Bond Authorization Date | N/A |
| Bonds Authorized | N/A |
| Bonds Issued | N/A |
| Original Authorized Cost | \$ 293,000.00 |
| Additional Authorized Cost | \$ - |
| Revised Authorized Cost | \$ 293,000.00 |
| Percentage Increase over Original Authorized Cost | |
| Percentage Completion | 6.55% |
| Original Target Completion Date | 8/30/2016 |
| Revised Target Completion Date | 8/30/2016 |

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 Roland Rogers Fire Alarm Replacement
 For the Inception and for the Fiscal Year Ended June 30, 2016

| | <u>Prior Years</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|--|--------------------|----------------------|----------------------|--|
| Revenues and Other Financing Sources | | | | |
| State Sources--EDA Grant | | \$ 157,759.00 | \$ 157,759.00 | \$ 157,759.00 |
| Bond Proceeds and Transfers | | | | |
| Transfer from Capital Reserve | | 174,241.00 | 174,241.00 | 174,241.00 |
| Transfer from (to) Other Local Projects | | | | |
| Total Revenues | <u>-</u> | <u>332,000.00</u> | <u>332,000.00</u> | <u>332,000.00</u> |
| Expenditures and Other Financing Uses | | | | |
| Purchased Professional and Technical Services | | 20,000.00 | 20,000.00 | 70,000.00 |
| Construction Services | | | | 262,000.00 |
| Transfer to General Fund -- Unrestricted | | | | |
| Transfer to Debt Service Fund | | | | |
| Transfer to General Fund -- Capital Reserve | | | | |
| Total Expenditures | <u>-</u> | <u>20,000.00</u> | <u>20,000.00</u> | <u>332,000.00</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>-</u> | <u>\$ 312,000.00</u> | <u>\$ 312,000.00</u> | <u>-</u> |
| Encumbered | | | \$ 184,777.00 | |
| Designated for Subsequent Years Expenditures | | | <u>127,223.00</u> | |
| | | | <u>\$ 312,000.00</u> | |

Additional Project Information:

| | |
|---|----------------------|
| Project Number | 1690-046-14-1002-G04 |
| Grant Date | 1/6/2014 |
| Bond Authorization Date | N/A |
| Bonds Authorized | N/A |
| Bonds Issued | N/A |
| Original Authorized Cost | \$ 332,000.00 |
| Additional Authorized Cost | \$ - |
| Revised Authorized Cost | \$ 332,000.00 |
| Percentage Increase over Original Authorized Cost | |
| Percentage Completion | 6.02% |
| Original Target Completion Date | 8/30/2016 |
| Revised Target Completion Date | 8/30/2016 |

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status
 Smithville Fire Alarm Replacement
 For the Inception and for the Fiscal Year Ended June 30, 2016

| | <u>Prior Years</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|--|--------------------|----------------------|----------------------|--|
| Revenues and Other Financing Sources | | | | |
| State Sources--EDA Grant | | \$ 157,759.00 | \$ 157,759.00 | \$ 157,759.00 |
| Bond Proceeds and Transfers | | | | |
| Transfer from Capital Reserve | | 174,241.00 | 174,241.00 | 174,241.00 |
| Transfer from (to) Other Local Projects | | | | |
| Total Revenues | <u>-</u> | <u>332,000.00</u> | <u>332,000.00</u> | <u>332,000.00</u> |
| Expenditures and Other Financing Uses | | | | |
| Purchased Professional and Technical Services | | 26,048.00 | 26,048.00 | 70,000.00 |
| Construction Services | | 71,000.00 | 71,000.00 | 262,000.00 |
| Transfer to General Fund -- Unrestricted | | | | |
| Transfer to Debt Service Fund | | | | |
| Transfer to General Fund -- Capital Reserve | | | | |
| Total Expenditures | <u>-</u> | <u>97,048.00</u> | <u>97,048.00</u> | <u>332,000.00</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>-</u> | <u>\$ 234,952.00</u> | <u>\$ 234,952.00</u> | <u>-</u> |
| Designated for Subsequent Years Expenditures | | | <u>\$ 234,952.00</u> | |

Additional Project Information:

| | |
|---|----------------------|
| Project Number | 1690-048-14-1005-G04 |
| Grant Date | 1/6/2014 |
| Bond Authorization Date | N/A |
| Bonds Authorized | N/A |
| Bonds Issued | N/A |
| Original Authorized Cost | \$ 332,000.00 |
| Additional Authorized Cost | \$ - |
| Revised Authorized Cost | \$ 332,000.00 |
| Percentage Increase over Original Authorized Cost | |
| Percentage Completion | 29.23% |
| Original Target Completion Date | 8/30/2016 |
| Revised Target Completion Date | 8/30/2016 |

PROPRIETARY FUNDS

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Enterprise Fund
 Combining Statement of Net Position
 June 30, 2016

| | <u>Food Service</u> | <u>Child Care Program</u> | <u>Gifted and Talented Consortium</u> | <u>Community Education</u> | <u>Total</u> |
|------------------------------------|-------------------------|-------------------------------|---|--------------------------------|----------------------|
| ASSETS: | | | | | |
| Current Assets: | | | | | |
| Cash and Cash Equivalents | \$ 141,142.63 | \$ 524,895.58 | \$ 68,100.53 | \$ 61,970.09 | \$ 796,108.83 |
| Accounts Receivable: | | | | | |
| Federal | 51,157.46 | | | | 51,157.46 |
| State | 821.59 | | | | 821.59 |
| Other | 63,856.03 | 578.00 | | | 64,434.03 |
| Inventories | 24,902.91 | | | | 24,902.91 |
| Total Current Assets | <u>281,880.62</u> | <u>525,473.58</u> | <u>68,100.53</u> | <u>61,970.09</u> | <u>937,424.82</u> |
| Noncurrent Assets: | | | | | |
| Capital Assets: | | | | | |
| Furniture, Fixtures and Equipment | 642,435.96 | | | | 642,435.96 |
| Less Accumulated Depreciation | (514,948.39) | | | | (514,948.39) |
| Total Noncurrent Assets | <u>127,487.57</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>127,487.57</u> |
| Total Assets | <u>409,368.19</u> | <u>525,473.58</u> | <u>68,100.53</u> | <u>61,970.09</u> | <u>1,064,912.39</u> |
| LIABILITIES: | | | | | |
| Current Liabilities: | | | | | |
| Interfund Accounts Payable: | | | | | |
| Due General Fund | 209,882.63 | 5,044.96 | 262.60 | | 215,190.19 |
| Compensated Absences | 27,094.21 | | | | 27,094.21 |
| Accounts Payable | 47,656.25 | | | | 47,656.25 |
| Unearned Revenue | 15,958.27 | | | | 15,958.27 |
| | <u>300,591.36</u> | <u>5,044.96</u> | <u>262.60</u> | <u>-</u> | <u>305,898.92</u> |
| Noncurrent Liabilities: | | | | | |
| Compensated Absences | 108,376.83 | | | | 108,376.83 |
| Total Liabilities | <u>408,968.19</u> | <u>5,044.96</u> | <u>262.60</u> | <u>-</u> | <u>414,275.75</u> |
| NET POSITION: | | | | | |
| Net Investment in Capital Assets | 127,487.57 | | | | 127,487.57 |
| Unrestricted | (127,087.57) | 520,428.62 | 67,837.93 | 61,970.09 | 523,149.07 |
| Total Net Position | <u>\$ 400.00</u> | <u>\$ 520,428.62</u> | <u>\$ 67,837.93</u> | <u>\$ 61,970.09</u> | <u>\$ 650,636.64</u> |

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Enterprise Fund
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2016

| | <u>Food Service</u> | <u>Child Care Program</u> | <u>Gifted and Talented Consortium</u> | <u>Community Education</u> | <u>Total</u> |
|---|-------------------------|-------------------------------|---|--------------------------------|-----------------------|
| OPERATING REVENUES: | | | | | |
| Charges for Services: | | | | | |
| Daily Sales - Reimbursable Programs: | | | | | |
| School Lunch Program | \$ 269,219.36 | | | | \$ 269,219.36 |
| School Breakfast Program | 30,271.75 | | | | 30,271.75 |
| Daily Sales - Non-Reimbursable Programs | 168,027.60 | | | | 168,027.60 |
| Special Functions | 10,172.00 | | | | 10,172.00 |
| Community Service Activities | | \$ 395,483.55 | \$ 32,857.70 | \$ 24,961.11 | 453,302.36 |
| Total Operating Revenues | 477,690.71 | 395,483.55 | 32,857.70 | 24,961.11 | 930,993.07 |
| OPERATING EXPENSES: | | | | | |
| Salaries | 773,396.96 | 180,881.60 | 27,829.00 | 17,133.96 | 999,241.52 |
| Employee Benefits | 260,389.61 | 13,454.95 | 2,128.92 | 1,310.75 | 277,284.23 |
| Purchased Property Services | 41,766.39 | | | | 41,766.39 |
| General Supplies | 37,678.82 | 10,010.65 | 1,810.54 | 3,699.96 | 53,199.97 |
| Depreciation | 15,913.02 | | | | 15,913.02 |
| Cost of Sales - Reimbursable Programs | 525,614.88 | | | | 525,614.88 |
| Cost of Sales - Non-Reimbursable Programs | 63,069.31 | | | | 63,069.31 |
| Miscellaneous | 1,589.71 | 545.48 | | 115.00 | 2,250.19 |
| Total Operating Expenses | 1,719,418.70 | 204,892.68 | 31,768.46 | 22,259.67 | 1,978,339.51 |
| Operating Income / (Loss) | (1,241,727.99) | 190,590.87 | 1,089.24 | 2,701.44 | (1,047,346.44) |
| NONOPERATING REVENUES (EXPENSES): | | | | | |
| State Sources: | | | | | |
| State School Lunch Program | 17,648.33 | | | | 17,648.33 |
| Federal Sources: | | | | | |
| National School Lunch Program | 820,679.77 | | | | 820,679.77 |
| National School Breakfast Program | 225,864.23 | | | | 225,864.23 |
| After School Snack Program | 16,070.04 | | | | 16,070.04 |
| Summer Food Service Program for Children | 11,291.21 | | | | 11,291.21 |
| Food Distribution Program | 86,961.73 | | | | 86,961.73 |
| Interest Revenue | 427.81 | 632.71 | 108.88 | 71.41 | 1,240.81 |
| Total Nonoperating Revenues (Expenses) | 1,178,943.12 | 632.71 | 108.88 | 71.41 | 1,179,756.12 |
| Income (Loss) before Extraordinary Items and Transfers | (62,784.87) | 191,223.58 | 1,198.12 | 2,772.85 | 132,409.68 |
| Extraordinary Items: | | | | | |
| Proceeds from Insurance Recovery | 55,689.14 | | | | 55,689.14 |
| Transfers In: | | | | | |
| General Fund Transfer to Cover Deficit | 7,095.73 | | | | 7,095.73 |
| Total Extraordinary Items and Transfers | 62,784.87 | - | - | - | 62,784.87 |
| Change in Net Position | - | 191,223.58 | 1,198.12 | 2,772.85 | 195,194.55 |
| Net Position -- July 1 | 400.00 | 329,205.04 | 66,639.81 | 59,197.24 | 455,442.09 |
| Net Position -- June 30 | \$ 400.00 | \$ 520,428.62 | \$ 67,837.93 | \$ 61,970.09 | \$ 650,636.64 |

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
Enterprise Fund
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016

| | Food Service | Child Care Program | Gifted and Talented Consortium | Community Education | Total |
|---|--------------------------|-----------------------|--------------------------------------|------------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Receipts from Customers | \$ 487,768.65 | \$ 396,331.06 | \$ 32,857.70 | \$ 24,961.11 | \$ 941,918.52 |
| Payments to Employees | (745,055.97) | (180,881.60) | (27,829.00) | (17,133.96) | (970,900.53) |
| Payments for Employee Benefits | (260,389.61) | (13,454.95) | (2,128.92) | (1,310.75) | (277,284.23) |
| Payments to Suppliers | (675,235.12) | (10,556.13) | (1,810.54) | (3,814.96) | (691,416.75) |
| Net Cash Provided by (used for) Operating Activities | <u>(1,192,912.05)</u> | <u>191,438.38</u> | <u>1,089.24</u> | <u>2,701.44</u> | <u>(997,682.99)</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | | | | |
| State Sources | 18,035.22 | | | | 18,035.22 |
| Federal Sources | 1,177,176.72 | | | | 1,177,176.72 |
| Operating Subsidies and Transfers to Other Funds | 41,868.00 | 4,654.59 | (70.94) | (9,635.11) | 36,816.54 |
| Net Cash Provided by (used for) Non-Capital Financing Activities | <u>1,237,079.94</u> | <u>4,654.59</u> | <u>(70.94)</u> | <u>(9,635.11)</u> | <u>1,232,028.48</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Purchases of Capital Assets | (8,032.89) | - | - | - | (8,032.89) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Interest Revenue | 427.81 | 632.71 | 108.88 | 71.41 | 1,240.81 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 36,562.81 | 196,725.68 | 1,127.18 | (6,862.26) | 227,553.41 |
| Cash and Cash Equivalents -- July 1 | 104,579.82 | 328,169.90 | 66,973.35 | 68,832.35 | 568,555.42 |
| Cash and Equivalents -- June 30 | <u>\$ 141,142.63</u> | <u>\$ 524,895.58</u> | <u>\$ 68,100.53</u> | <u>\$ 61,970.09</u> | <u>\$ 796,108.83</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | |
| Operating Income (Loss) | \$ (1,241,727.99) | \$ 190,590.87 | \$ 1,089.24 | \$ 2,701.44 | \$ (1,047,346.44) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities: | | | | | |
| Depreciation and Net Amortization | 15,913.02 | | | | 15,913.02 |
| (Increase) Decrease in Accounts Receivable, net | 9,705.55 | 847.51 | | | 10,553.06 |
| (Increase) Decrease in Inventories | (5,516.01) | | | | (5,516.01) |
| Increase (Decrease) in Unearned Revenue | 372.39 | | | | 372.39 |
| Increase (Decrease) in Accrued Salaries Benefits | 28,340.99 | | | | 28,340.99 |
| Total Adjustments | <u>48,815.94</u> | <u>847.51</u> | <u>-</u> | <u>-</u> | <u>49,663.45</u> |
| Net Cash Provided by (used for) Operating Activities | <u>\$ (1,192,912.05)</u> | <u>\$ 191,438.38</u> | <u>\$ 1,089.24</u> | <u>\$ 2,701.44</u> | <u>\$ (997,682.99)</u> |

FIDUCIARY FUNDS

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2016

| | Private Purpose Trust Fund | Agency Funds | | Total |
|---------------------------------------|---------------------------------------|---------------------|----------------------|----------------------|
| | Unemployment Compensation Trust | Student Activity | Payroll | |
| ASSETS: | | | | |
| Cash and Cash Equivalents | \$ 152,970.40 | \$ 84,539.91 | \$ 304,785.78 | \$ 542,296.09 |
| Interfund Accounts Receivable: | | | | |
| Due Unemployment Trust Fund | | | 6.67 | 6.67 |
| Total Assets | <u>152,970.40</u> | <u>\$ 84,539.91</u> | <u>\$ 304,792.45</u> | <u>542,302.76</u> |
| LIABILITIES: | | | | |
| Payable to Student Groups | | \$ 84,539.91 | | 84,539.91 |
| Accounts Payable | 599.14 | | | 599.14 |
| Interfund Accounts Payable: | | | | |
| Due Payroll Fund | 6.67 | | | 6.67 |
| Payroll Deductions and Withholdings | | | \$ 304,792.45 | 304,792.45 |
| Total Liabilities | <u>605.81</u> | <u>\$ 84,539.91</u> | <u>\$ 304,792.45</u> | <u>389,938.17</u> |
| NET POSITION: | | | | |
| Held in Trust for Unemployment Claims | <u>152,364.59</u> | | | <u>152,364.59</u> |
| Total Net Position | <u>\$ 152,364.59</u> | | | <u>\$ 152,364.59</u> |

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

| | <u>Private Purpose Trust Fund</u> <u>Unemployment Compensation Trust</u> |
|-----------------------------|---|
| ADDITIONS: | |
| Payroll Deductions Withheld | \$ 55,227.70 |
| Investment Earnings: | |
| Interest | 159.84 |
| Total Additions | <u>55,387.54</u> |
| DEDUCTIONS: | |
| Unemployment Claims | <u>33,683.52</u> |
| Change in Net Position | 21,704.02 |
| Net Position -- July 1 | <u>130,660.57</u> |
| Net Position -- June 30 | <u>\$ 152,364.59</u> |

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

| | Balance <u>June 30, 2015</u> | Cash <u>Receipts</u> | Cash <u>Disbursements</u> | Balance <u>June 30, 2016</u> |
|----------------------------|---------------------------------|-------------------------|------------------------------|---------------------------------|
| ELEMENTARY SCHOOLS: | | | | |
| Pomona | \$ 160.20 | \$ 1,445.26 | \$ 1,157.89 | \$ 447.57 |
| Arthur Rann | 11,013.35 | 6,229.16 | 10,890.55 | 6,351.96 |
| Reeds Road | 14,382.86 | 8,258.75 | 8,214.42 | 14,427.19 |
| Smithville | 22,208.52 | 12,612.37 | 12,834.84 | 21,986.05 |
| Roland Rogers | <u>9,858.37</u> | <u>7,058.51</u> | <u>7,337.55</u> | <u>9,579.33</u> |
| Total Elementary Schools | <u>57,623.30</u> | <u>35,604.05</u> | <u>40,435.25</u> | <u>52,792.10</u> |
| MIDDLE SCHOOLS: | | | | |
| Galloway Township Middle | <u>23,795.04</u> | <u>45,128.31</u> | <u>37,175.54</u> | <u>31,747.81</u> |
| Total All Schools | <u>\$ 81,418.34</u> | <u>\$ 80,732.36</u> | <u>\$ 77,610.79</u> | <u>\$ 84,539.91</u> |

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

| | <u>Balance</u> <u>June 30, 2015</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2016</u> |
|-------------------------------------|--|-------------------------|-------------------------|--|
| ASSETS: | | | | |
| Cash and Cash Equivalents | \$ 339,851.58 | \$ 37,457,376.71 | \$ 37,492,442.51 | \$ 304,785.78 |
| Interfund Accounts Receivable: | | | | |
| Due General Fund | 5,676.07 | 604.78 | 6,280.85 | |
| Due Unemployment Fund | | 6.67 | | 6.67 |
| | <u>345,527.65</u> | <u>37,457,988.16</u> | <u>37,498,723.36</u> | <u>304,792.45</u> |
| Total Assets | \$ 345,527.65 | \$ 37,457,988.16 | \$ 37,498,723.36 | \$ 304,792.45 |
| LIABILITIES: | | | | |
| Payroll Deductions and Withholdings | \$ 286,231.90 | \$ 16,392,687.24 | \$ 16,374,126.69 | \$ 304,792.45 |
| Net Payroll | | 21,010,073.22 | 21,010,073.22 | |
| Interfund Accounts Payable: | | | | |
| Due Childcare Fund | 5,532.17 | | 5,532.17 | |
| Due Unemployment Fund | 53,763.58 | 55,227.70 | 108,991.28 | |
| | <u>345,527.65</u> | <u>37,457,988.16</u> | <u>37,498,723.36</u> | <u>304,792.45</u> |
| Total Liabilities | \$ 345,527.65 | \$ 37,457,988.16 | \$ 37,498,723.36 | \$ 304,792.45 |

LONG-TERM DEBT

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT

Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2016

| <u>Issue</u> | <u>Date of Issue</u> | <u>Amount of Issue</u> | <u>Annual Maturities Date</u> | <u>Annual Maturities Amount</u> | <u>Interest Rate</u> | <u>Balance June 30, 2015</u> | <u>Issued</u> | <u>Paid</u> | <u>Balance June 30, 2016</u> |
|--------------------------------------|----------------------|------------------------|-------------------------------|---------------------------------|----------------------|------------------------------|---------------|-----------------|------------------------------|
| Refunding Bonds | 1-15-05 | \$ 12,825,000.00 | 2-1-16 | \$ 1,385,000.00 | 4.000% | \$ 1,385,000.00 | | \$ 1,385,000.00 | |
| School District Bonds -- Series 2009 | 7-1-09 | 2,366,000.00 | 3-1-17/24 | 169,000.00 | 4.750% | 1,521,000.00 | | 169,000.00 | \$ 1,352,000.00 |
| | | | | | | \$ 2,906,000.00 | | \$ 1,554,000.00 | \$ 1,352,000.00 |
| | | | | | | | - | | |

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
 Schedule of Obligations Under Capital Leases
 For the Fiscal Year Ended June 30, 2016

| Series | Date of Lease | Term of Lease | Amount of Original Issue Principal | Interest | Interest Rate Payable | Amount Outstanding June 30, 2015(a) | Issued Current Year | Retired Current Year | Amount Outstanding June 30, 2016(a) |
|-----------------|---------------|---------------|------------------------------------|----------|-----------------------|-------------------------------------|---------------------|----------------------|-------------------------------------|
| Computer System | 2-1-14 | 5 Years | \$ 107,051.14 | \$ | 4.19% | \$ 64,158.67 | - | \$ 20,514.97 | \$ 43,643.70 |

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

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

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|---|--------------------|---------------------|-----------------|---------------|--|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 859,841.00 | - | \$ 859,841.00 | \$ 859,841.00 | - |
| Debt Service Aid Type II | 652,807.00 | - | 652,807.00 | 652,807.00 | - |
| Total Revenues | 1,512,648.00 | - | 1,512,648.00 | 1,512,648.00 | - |
| EXPENDITURES: | | | | | |
| Regular Debt Service: | | | | | |
| Interest | 127,648.00 | | 127,648.00 | 127,647.50 | \$ 0.50 |
| Redemption of Principal | 1,554,000.00 | | 1,554,000.00 | 1,554,000.00 | |
| Total Regular Debt Service | 1,681,648.00 | - | 1,681,648.00 | 1,681,647.50 | 0.50 |
| Total Expenditures | 1,681,648.00 | - | 1,681,648.00 | 1,681,647.50 | 0.50 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (169,000.00) | - | (169,000.00) | (168,999.50) | 0.50 |
| Other Financing Sources: | | | | | |
| Operating Transfer In from Capital Projects Fund | - | - | - | 169,000.00 | 169,000.00 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures | (169,000.00) | - | (169,000.00) | 0.50 | 169,000.50 |
| Fund Balance, July 1 | 169,000.49 | - | 169,000.49 | 169,000.49 | - |
| Fund Balance, June 30 | \$ 0.49 | - | \$ 0.49 | \$ 169,000.99 | \$ 169,000.50 |

STATISTICAL SECTION

Financial Trends Information

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

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Governmental Activities: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 29,430,670.78 | \$ 29,504,631.91 | \$ 27,754,527.02 | \$ 26,880,038.62 | \$ 27,208,755.45 | \$ 26,313,227.28 | \$ 21,984,624.78 | \$ 18,485,992.78 | \$ 19,062,976.99 | \$ 17,435,624.43 |
| Restricted | 12,780,438.60 | 10,110,684.31 | 8,373,925.87 | 8,215,621.54 | 7,826,056.59 | 6,325,843.18 | 7,908,363.59 | 8,793,259.90 | 4,184,861.03 | 2,219,648.55 |
| Unrestricted | (19,820,027.31) | (18,994,065.22) | (313,581.87) | (439,512.46) | (533,876.61) | (546,093.56) | (1,489,628.94) | (944,279.04) | (400,335.25) | (111,097.75) |
| Total Governmental Activities Net Position | \$ 22,391,082.07 | \$ 20,621,251.00 | \$ 35,814,871.02 | \$ 34,656,147.70 | \$ 34,500,935.43 | \$ 32,092,976.90 | \$ 28,403,359.43 | \$ 26,334,973.64 | \$ 22,847,522.77 | \$ 19,544,175.23 |
| Business-type Activities: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 127,487.57 | \$ 87,711.45 | \$ 87,213.07 | \$ 94,792.27 | \$ 96,143.65 | \$ 112,736.19 | \$ 115,804.60 | \$ 131,487.41 | \$ 130,748.77 | \$ 61,231.45 |
| Unrestricted | 523,149.07 | 367,730.64 | 170,171.91 | 76,324.09 | 33,925.31 | 115,488.34 | 175,476.16 | 183,857.48 | 198,440.84 | 307,560.85 |
| Total Business-type Activities Net Position | \$ 650,636.64 | \$ 455,442.09 | \$ 257,384.98 | \$ 171,116.36 | \$ 130,068.96 | \$ 228,234.53 | \$ 291,280.76 | \$ 315,344.89 | \$ 329,189.61 | \$ 368,792.30 |
| District-wide: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 29,558,158.35 | \$ 29,592,343.36 | \$ 27,841,740.09 | \$ 26,974,830.89 | \$ 27,304,899.10 | \$ 26,425,963.47 | \$ 22,100,429.38 | \$ 18,617,480.19 | \$ 19,193,725.76 | \$ 17,496,855.88 |
| Restricted | 12,780,438.60 | 10,110,684.31 | 8,373,925.87 | 8,215,621.54 | 7,826,056.59 | 6,325,843.18 | 7,908,363.59 | 8,793,259.90 | 4,184,861.03 | 2,219,648.55 |
| Unrestricted | (19,296,878.24) | (18,626,334.58) | (143,409.96) | (363,188.37) | (499,951.30) | (430,595.22) | (1,314,152.78) | (760,421.56) | (201,894.41) | 196,463.10 |
| Total District-wide Net Position | \$ 23,041,718.71 | \$ 21,076,693.09 | \$ 36,072,256.00 | \$ 34,827,264.06 | \$ 34,631,004.39 | \$ 32,321,211.43 | \$ 28,694,640.19 | \$ 26,650,318.53 | \$ 23,176,712.38 | \$ 19,912,967.53 |

In accordance with GASB 65, effective for the fiscal year ended June 30, 2013, the method to expense debt issuance costs was changed.

For the fiscal year ended June 30, 2015, the School District adopted GASBS No's. 68 and 71, which required the School District to record its proportionate share of the net pension liability and related deferred outflows and inflows of resources in the government-wide financial statements. Balances prior to June 30, 2015 are shown as originally reported and have not been restated for this adoption.

Source: District Records

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Expenses: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular | \$ 16,118,409.83 | \$ 16,460,049.90 | \$ 15,960,197.21 | \$ 16,085,642.04 | \$ 15,114,178.65 | \$ 14,390,784.52 | \$ 15,219,480.13 | \$ 15,003,940.47 | \$ 14,059,267.43 | \$ 13,803,916.36 |
| Special Education | 8,821,719.03 | 8,545,879.18 | 8,668,154.14 | 8,364,138.16 | 7,125,795.98 | 8,034,148.76 | 7,989,094.22 | 7,574,621.65 | 8,046,849.04 | 6,801,642.51 |
| Other Special Education | 1,511,246.77 | 1,701,396.20 | 1,674,659.31 | 1,647,876.41 | 1,513,285.06 | 1,271,216.11 | 1,374,482.77 | 1,455,474.14 | 1,099,942.45 | 1,087,868.98 |
| Other Instruction | 92,185.96 | 85,188.77 | 87,156.16 | 63,385.89 | 80,099.62 | 49,136.36 | 107,338.55 | 107,698.68 | 99,940.44 | 107,259.59 |
| Tuition | 1,872,064.22 | 1,600,168.02 | 1,540,951.53 | 1,073,501.55 | 1,597,301.48 | 1,077,595.61 | 973,407.62 | 675,672.38 | 310,005.61 | 675,426.48 |
| Support Services: | | | | | | | | | | |
| Student and Instruction Related Services | 6,170,609.09 | 5,471,561.47 | 5,172,731.41 | 5,208,472.29 | 4,935,163.87 | 4,826,853.64 | 6,131,638.97 | 5,410,727.19 | 5,144,001.50 | 4,396,410.19 |
| School Administrative Services | 1,888,409.27 | 1,973,497.26 | 1,804,811.83 | 1,789,785.38 | 1,749,480.54 | 1,732,908.29 | 1,837,171.21 | 1,795,050.50 | 1,745,179.32 | 1,843,205.27 |
| Other Administrative Services | 1,690,478.62 | 1,577,643.46 | 1,509,566.90 | 1,578,291.28 | 1,621,365.95 | 1,464,925.58 | 1,614,964.26 | 1,735,963.48 | 1,543,482.49 | 1,544,891.53 |
| Plant Operations and Maintenance | 4,196,660.48 | 3,772,617.40 | 3,705,773.93 | 3,510,017.33 | 3,319,336.33 | 3,439,660.26 | 3,851,643.25 | 3,937,064.93 | 3,487,949.94 | 3,818,884.55 |
| Pupil Transportation | 3,631,083.94 | 3,623,458.95 | 3,664,814.41 | 3,615,225.70 | 3,521,741.47 | 3,416,511.12 | 3,729,345.88 | 3,499,441.20 | 3,236,679.17 | 3,292,457.18 |
| Unallocated Benefits | 13,033,888.29 | 12,139,957.29 | 15,881,418.52 | 16,250,536.62 | 14,878,676.26 | 13,573,815.01 | 13,748,403.09 | 13,081,137.73 | 12,993,889.35 | 12,769,610.30 |
| Reimbursed TPAF and Social Security | 6,001,746.94 | 5,166,151.40 | 732,959.00 | 855,139.00 | 1,112,099.00 | 1,237,362.00 | 1,815,653.00 | 1,597,496.00 | 1,192,085.00 | 1,199,199.71 |
| Transfer to Charter School | 46,631.00 | 739,010.00 | 302,519.26 | 485,093.95 | 397,342.55 | 531,498.97 | 573,968.95 | 579,059.15 | 679,538.52 | 789,224.04 |
| Interest on Long-term Debt | 111,866.22 | 217,409.41 | 4,442.53 | 4,442.53 | 4,442.53 | 4,442.53 | 1,825.93 | 1,825.93 | 1,825.93 | 293,412.45 |
| Unallocated Depreciation | 4,442.53 | 4,442.53 | 4,442.53 | 4,442.53 | 4,442.53 | 4,442.53 | 1,825.93 | 1,825.93 | 1,825.93 | 293,412.45 |
| Total Governmental Activities Expenses | 65,161,452.19 | 63,278,431.24 | 60,710,156.14 | 60,551,548.13 | 58,970,309.23 | 55,050,859.76 | 58,988,387.93 | 56,455,373.43 | 53,640,636.19 | 52,423,409.24 |
| Business-type Activities: | | | | | | | | | | |
| Food Service | 1,719,418.70 | 1,670,911.59 | 1,733,933.38 | 1,758,664.36 | 1,830,309.28 | 1,773,107.15 | 1,769,163.62 | 1,785,332.05 | 1,783,152.24 | 1,659,626.15 |
| Gifted and Talented Consortium | 31,768.46 | 30,375.65 | 31,617.53 | 28,463.29 | 24,888.49 | 24,978.03 | 27,109.19 | 28,047.28 | 26,552.11 | 23,799.69 |
| Childcare Program | 204,892.68 | 190,066.80 | 243,731.57 | 234,815.91 | 257,722.19 | 265,363.90 | 299,527.54 | 367,744.17 | 375,413.49 | 352,239.93 |
| Community Education | 22,259.67 | 24,236.77 | 33,296.01 | 22,343.44 | 37,541.55 | 51,047.91 | 45,396.21 | 58,592.60 | 47,817.62 | 38,531.43 |
| Total Business-type Activities Expense | 1,978,339.51 | 1,915,589.81 | 2,042,538.49 | 2,044,287.00 | 2,150,461.51 | 2,114,496.99 | 2,141,156.56 | 2,239,716.10 | 2,232,735.46 | 2,073,997.20 |
| Total District Expenses | \$ 67,139,791.70 | \$ 65,194,021.05 | \$ 62,752,694.63 | \$ 62,595,835.13 | \$ 59,120,770.74 | \$ 57,165,356.75 | \$ 61,109,544.49 | \$ 58,695,089.53 | \$ 55,873,371.65 | \$ 54,497,406.44 |
| Program Revenues: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Operating Grants and Contributions | \$ 8,910,780.70 | \$ 7,168,408.69 | \$ 6,605,629.07 | \$ 7,083,244.90 | \$ 5,798,743.72 | \$ 6,012,591.95 | \$ 5,770,794.59 | \$ 5,317,020.01 | \$ 7,410,719.67 | \$ 6,499,263.34 |
| Charges for Services | 288,529.26 | 548,979.47 | 242,050.23 | 184,037.85 | 125,926.88 | 122,210.84 | 2,071.30 | 21,394.33 | 46,474.06 | 67,647.22 |
| Total Governmental Activities Program Revenues | 9,199,309.96 | 7,717,388.16 | 6,847,679.30 | 7,267,282.75 | 5,925,670.60 | 6,134,802.79 | 5,772,865.89 | 5,338,414.34 | 7,457,193.73 | 6,566,910.56 |
| Business-type activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Food Service | 477,690.71 | 550,464.20 | 610,028.19 | 649,570.14 | 738,040.81 | 815,688.89 | 877,668.56 | 906,821.90 | 942,137.35 | 1,002,122.59 |
| Childcare Program | 395,483.55 | 394,120.24 | 317,753.21 | 269,128.17 | 234,956.43 | 257,070.08 | 287,336.75 | 301,932.72 | 333,584.69 | 355,266.68 |
| Gifted and Talented Consortium | 32,857.70 | 35,210.00 | 38,480.00 | 33,235.00 | 28,645.00 | 27,540.00 | 29,485.00 | 33,829.39 | 33,325.00 | 30,760.00 |
| Community Education and Recreation | 24,961.11 | 27,864.10 | 27,125.00 | 23,715.00 | 21,937.00 | 33,306.90 | 39,664.77 | 57,060.41 | 55,207.60 | 55,727.59 |
| Capital Grants and Contributions | | | | | | | | 3,097.00 | 6,000.00 | |
| Operating Grants and Contributions | 1,178,515.31 | 1,014,522.51 | 1,055,018.89 | 1,035,508.52 | 1,012,830.38 | 915,112.25 | 843,897.00 | 861,848.76 | 772,145.28 | 644,990.26 |
| Total Business-type Activities Program Revenues | 2,109,508.38 | 2,023,181.05 | 2,048,405.29 | 2,011,156.83 | 2,036,409.62 | 2,048,718.12 | 2,078,052.08 | 2,164,610.18 | 2,142,399.92 | 2,088,867.12 |
| Total District Program Revenues | \$ 11,308,818.34 | \$ 9,740,569.21 | \$ 8,896,084.59 | \$ 9,278,439.58 | \$ 7,962,080.22 | \$ 8,183,520.91 | \$ 7,850,917.97 | \$ 7,503,024.52 | \$ 9,599,593.65 | \$ 8,655,777.68 |
| Net (Expense)/Revenue: | | | | | | | | | | |
| Governmental Activities | \$ (55,962,142.23) | \$ (55,561,043.08) | \$ (53,862,476.84) | \$ (53,284,265.38) | \$ (51,044,638.63) | \$ (48,916,056.97) | \$ (53,195,522.04) | \$ (51,116,959.09) | \$ (46,183,442.46) | \$ (45,856,498.68) |
| Business-type Activities | 131,168.87 | 107,591.24 | 5,866.80 | (33,130.17) | (114,051.89) | (65,778.87) | (63,104.48) | (75,105.92) | (90,335.54) | 14,869.92 |
| Total District-wide Net Expense | \$ (55,830,973.36) | \$ (55,453,451.84) | \$ (53,856,610.04) | \$ (53,317,395.55) | \$ (51,158,690.52) | \$ (48,981,835.84) | \$ (53,258,626.52) | \$ (51,192,065.01) | \$ (46,273,778.00) | \$ (45,841,628.76) |

(Continued)

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| General Revenues and Other Changes in Net Position: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Property Taxes Levied for General Purposes, Net | \$ 30,606,570.00 | \$ 30,454,298.00 | \$ 29,255,010.00 | \$ 27,975,500.00 | \$ 27,975,500.00 | \$ 27,320,616.00 | \$ 27,820,785.00 | \$ 27,000,639.00 | \$ 26,883,000.00 | \$ 26,335,007.00 |
| Taxes Levied for Debt Service | 859,841.00 | 893,774.00 | 938,830.00 | 1,153,968.00 | 1,197,788.00 | 1,602,301.00 | 1,816,350.00 | 1,612,913.00 | 1,649,411.00 | 1,644,990.00 |
| Restricted and Unrestricted Grants and Contributions | 25,975,818.22 | 25,115,182.13 | 24,622,892.32 | 24,170,791.50 | 24,017,571.68 | 23,007,597.61 | 24,597,097.84 | 24,158,178.12 | 20,759,755.04 | 19,586,419.25 |
| Investment Earnings | 296,839.81 | 302,466.90 | 284,618.11 | 212,683.29 | 42,942.01 | 103,727.97 | 163,574.08 | 126,282.00 | 202,436.40 | 311,453.14 |
| Other | | | | | 239,256.85 | 572,312.60 | 898,493.63 | 1,683,854.73 | 36,985.79 | 54,413.57 |
| Donated Assets | | | | | | 3,899.00 | | | | |
| Transfers | (7,095.73) | (91,462.97) | (80,150.27) | (73,465.14) | (20,461.38) | (4,879.74) | (32,392.72) | 22,543.11 | (44,798.23) | (155,137.59) |
| Total Governmental Activities | 57,731,973.30 | 56,674,258.06 | 55,021,200.16 | 53,439,477.65 | 53,452,597.16 | 52,605,674.44 | 55,263,907.83 | 54,604,409.96 | 49,486,790.00 | 47,777,145.37 |
| Business-type Activities: | | | | | | | | | | |
| Investment Earnings | 1,240.81 | 650.49 | 401.82 | 354.60 | 886.32 | 2,779.90 | 4,040.35 | 4,361.20 | 9,432.85 | 17,069.79 |
| Insurance Recovery | 55,689.14 | | | | | | | | | |
| Transfers | 7,095.73 | 89,815.38 | 80,000.00 | 73,822.87 | 15,000.00 | (47.26) | 35,000.00 | 56,900.00 | 41,300.00 | 50,000.00 |
| Total Business-type Activities | 64,025.68 | 90,465.87 | 80,401.82 | 74,177.57 | 15,886.32 | 2,732.64 | 39,040.35 | 61,261.20 | 50,732.85 | 67,069.79 |
| Total District-wide | \$ 57,795,998.98 | \$ 56,764,723.93 | \$ 55,101,601.98 | \$ 53,513,655.22 | \$ 53,468,483.48 | \$ 52,608,407.08 | \$ 55,302,948.18 | \$ 54,665,671.16 | \$ 49,537,522.85 | \$ 47,844,215.16 |
| Change in Net Position: | | | | | | | | | | |
| Governmental Activities | \$ 1,769,831.07 | \$ 1,113,214.98 | \$ 1,158,723.32 | \$ 155,212.27 | \$ 2,407,958.53 | \$ 3,689,617.47 | \$ 2,068,385.79 | \$ 3,487,450.87 | \$ 3,303,347.54 | \$ 1,920,646.69 |
| Business-type Activities | 195,194.55 | 198,057.11 | 86,268.62 | 41,047.40 | (98,165.57) | (63,046.23) | (24,064.13) | (13,844.72) | (39,602.69) | 81,939.71 |
| Total District | \$ 1,965,025.62 | \$ 1,311,272.09 | \$ 1,244,991.94 | \$ 196,259.67 | \$ 2,309,792.96 | \$ 3,626,571.24 | \$ 2,044,321.66 | \$ 3,473,606.15 | \$ 3,263,744.85 | \$ 2,002,586.40 |

In accordance with GASB 65, effective for the fiscal year ended June 30, 2013, the method to expense debt issuance costs was changed.

For the fiscal year ended June 30, 2015, the School District adopted GASBS No's. 68 and 71, which required the School District to record its proportionate share of the net pension liability and related deferred outflows and inflows of resources in the government-wide financial statements. Balances prior to June 30, 2015 are shown as originally reported and have not been restated for this adoption.

Source: District Records

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| General Fund: | | | | | | | | | | |
| Restricted | \$ 11,708,926.30 | \$ 9,351,513.26 | \$ 7,458,757.42 | \$ 6,829,713.07 | \$ 6,660,667.35 | \$ 3,065,010.27 | \$ 2,223,944.67 | \$ 4,917,031.30 | \$ 4,162,039.97 | \$ 2,069,995.46 |
| Assigned | 785,869.71 | 515,562.82 | 415,983.60 | 918,122.16 | 731,173.95 | 1,566,778.27 | 358,129.28 | 2,192,922.33 | 1,180,992.17 | 1,387,382.91 |
| Unassigned | (691,208.06) | (676,986.34) | 1,452,987.05 | 1,072,889.31 | 1,035,282.93 | 989,103.63 | 358,129.28 | 2,192,922.33 | 1,180,992.17 | 1,387,382.91 |
| Total General Fund | \$ 11,803,587.95 | \$ 9,190,089.74 | \$ 9,327,728.07 | \$ 8,820,724.54 | \$ 8,427,094.23 | \$ 5,621,892.17 | \$ 2,582,073.95 | \$ 7,109,963.63 | \$ 5,343,032.14 | \$ 3,457,376.37 |
| All Other Governmental Funds: | | | | | | | | | | |
| Reserved | | | | | | | \$ 1,672,991.00 | \$ 1,595,000.00 | | |
| Restricted for: | | | | | | | | | | |
| Capital Projects Fund | \$ 403,539.68 | \$ 206,521.68 | \$ 415,874.63 | \$ 1,108,933.43 | \$ 1,277,933.43 | \$ 3,327,190.53 | 3,624,853.18 | 771,000.00 | \$ 10,619.87 | \$ 0.47 |
| Special Revenue Fund | 37,714.55 | 17,003.00 | | | | 0.75 | 274,000.50 | 1.00 | 0.97 | \$ 0.47 |
| Debt Service Fund | 169,000.99 | 169,000.49 | 169,001.49 | 169,000.99 | 1.25 | | | | | |
| Unassigned: | | | | | | | | | | |
| Special Revenue Fund | | | (10,230.00) | (10,230.00) | (10,230.00) | (10,230.00) | (10,230.00) | (10,230.00) | | (11,279.55) |
| Total All Other Governmental Funds | \$ 610,255.22 | \$ 392,525.17 | \$ 574,646.12 | \$ 1,267,704.42 | \$ 1,267,704.68 | \$ 3,316,961.28 | \$ 5,561,614.68 | \$ 2,355,771.00 | \$ 10,620.84 | \$ (11,279.08) |

In accordance with GASB 54, effective for the fiscal year ended June 30, 2011, the description and terminology utilized to identify fund balance was changed.

Source: District Records

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|------------------------|------------------------|----------------------|----------------------|----------------------|--------------------------|------------------------|------------------------|-----------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Revenues: | | | | | | | | | | |
| Tax Levy | \$ 31,466,411.00 | \$ 31,348,072.00 | \$ 30,193,840.00 | \$ 29,129,468.00 | \$ 29,173,288.00 | \$ 28,922,917.00 | \$ 29,637,135.00 | \$ 28,613,552.00 | \$ 28,532,411.00 | \$ 27,979,997.00 |
| Other Local Revenue | 612,325.41 | 870,784.50 | 577,319.59 | 441,598.15 | 427,082.47 | 829,707.72 | 1,080,917.24 | 1,848,878.03 | 302,481.15 | 451,077.97 |
| State Sources | 32,153,496.62 | 30,547,534.71 | 29,433,375.08 | 29,504,001.74 | 27,499,178.74 | 26,682,179.10 | 24,665,510.94 | 27,969,134.31 | 26,522,243.37 | 24,667,172.13 |
| Federal Sources | 2,706,145.96 | 1,716,717.98 | 1,744,495.06 | 1,705,157.65 | 2,299,179.93 | 2,306,554.15 | 5,685,603.26 | 1,487,716.85 | 1,631,636.44 | 1,400,346.42 |
| Total Revenue | 66,938,378.99 | 64,483,109.19 | 61,949,029.73 | 60,780,225.54 | 59,398,729.14 | 58,741,357.97 | 61,069,166.44 | 59,920,281.19 | 56,988,781.96 | 54,499,193.52 |
| Expenditures: | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular Instruction | 14,772,242.99 | 15,169,722.05 | 14,694,960.85 | 14,802,353.48 | 14,122,078.67 | 13,489,315.29 | 14,312,518.54 | 14,102,007.01 | 13,052,193.12 | 13,162,481.67 |
| Special Education Instruction | 8,084,952.45 | 7,875,954.97 | 7,981,034.76 | 7,828,659.01 | 6,659,925.40 | 7,515,955.95 | 7,500,741.03 | 7,109,988.15 | 7,485,380.39 | 6,492,014.48 |
| Other Special Instruction | 1,511,246.77 | 1,701,396.20 | 1,674,659.31 | 1,647,876.41 | 1,513,285.06 | 1,271,216.11 | 1,374,482.77 | 1,455,474.14 | 1,099,942.45 | 1,087,868.98 |
| Other Instruction | 92,185.96 | 85,188.77 | 87,156.16 | 83,385.89 | 80,099.62 | 49,136.36 | 107,338.55 | 107,698.68 | 99,940.44 | 97,499.34 |
| Tuition | 1,872,064.22 | 1,600,168.02 | 1,540,951.53 | 1,073,501.55 | 1,597,301.48 | 1,077,595.61 | 973,407.62 | 673,872.38 | 310,005.61 | 675,426.48 |
| Support Services: | | | | | | | | | | |
| Student and Instruction Related Services | 6,162,785.84 | 5,463,738.22 | 5,164,908.16 | 5,200,649.03 | 4,927,340.62 | 4,671,434.98 | 6,121,878.72 | 5,400,966.94 | 5,134,241.25 | 4,550,634.57 |
| School Administrative Services | 1,837,883.36 | 1,895,569.37 | 1,737,279.54 | 1,773,367.97 | 1,733,063.13 | 1,717,604.08 | 1,821,310.50 | 1,781,907.42 | 1,737,516.99 | 1,688,980.89 |
| Other Administrative Services | 1,679,821.37 | 1,557,776.35 | 1,533,662.92 | 1,557,549.23 | 1,585,435.34 | 1,428,802.47 | 1,577,957.02 | 1,698,821.29 | 1,527,758.29 | 1,548,284.31 |
| Plant Operations and Maintenance | 4,082,544.45 | 3,606,700.96 | 3,656,043.31 | 3,459,950.21 | 3,280,615.91 | 3,404,653.96 | 3,817,166.16 | 3,908,487.06 | 3,463,828.42 | 3,800,617.25 |
| Pupil Transportation | 3,631,093.94 | 3,823,458.95 | 3,664,814.41 | 3,615,225.70 | 3,521,741.47 | 3,416,511.12 | 3,729,345.98 | 3,499,441.20 | 3,236,679.17 | 3,292,457.18 |
| Unallocated Benefits | 12,406,634.29 | 11,805,331.29 | 11,424,206.21 | 11,267,396.09 | 10,878,140.29 | 10,365,984.54 | 10,411,281.08 | 9,809,532.84 | 8,795,848.02 | 8,697,281.87 |
| On-behalf of Pension and Social Security | 6,001,746.94 | 5,166,151.40 | 4,457,212.31 | 4,983,140.53 | 4,000,535.91 | 3,309,608.37 | 3,337,122.01 | 3,271,604.89 | 4,198,041.33 | 4,072,328.43 |
| Transfers to Charter School | 46,631.00 | 739,010.00 | 732,959.00 | 855,139.00 | 1,112,099.00 | 1,237,362.00 | 1,815,653.00 | 1,597,496.00 | 1,192,085.00 | 1,199,199.71 |
| Debt Service: | | | | | | | | | | |
| Principal | 1,554,000.00 | 1,549,000.00 | 1,559,000.00 | 1,579,000.00 | 1,574,000.00 | 2,504,000.00 | 2,345,000.00 | 2,390,000.00 | 2,330,000.00 | 2,320,000.00 |
| Interest and Other Charges | 127,647.50 | 188,115.00 | 251,742.50 | 307,146.26 | 385,212.50 | 561,030.75 | 491,652.50 | 576,429.97 | 688,472.50 | 796,437.50 |
| Capital Outlay | 236,573.92 | 2,484,123.95 | 2,001,384.40 | 278,789.99 | 1,652,447.90 | 1,941,101.82 | 2,638,324.88 | 728,980.45 | 684,487.06 | 874,209.97 |
| Total Expenditures | 64,100,055.00 | 64,711,405.50 | 62,161,985.37 | 60,313,130.35 | 58,622,322.30 | 57,941,313.41 | 62,375,180.36 | 58,112,308.42 | 55,036,430.04 | 54,355,722.63 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 2,838,323.99 | (228,296.31) | (212,955.64) | 467,095.19 | 776,406.84 | 800,044.56 | (1,306,013.92) | 1,807,972.77 | 1,952,351.92 | 143,470.89 |
| Other Financing Sources (Uses): | | | | | | | | | | |
| Capital Leases (Non-budgeted) | | | 107,051.14 | | | | 16,370.64 | | | |
| Sale of Bonds | | | | | | | | 2,366,000.00 | | |
| Accounts Receivable/Payable Canceled | | | | | | | | (5,001.12) | | |
| Transfers In | | | | | | | | | | |
| Transfers Out | (7,095.73) | (89,815.38) | (80,000.00) | (73,822.97) | (15,000.00) | | (35,000.00) | (56,900.00) | (41,300.00) | (761,742.52) |
| Total Other Financing Sources (Uses) | (7,095.73) | (91,462.97) | 26,900.87 | (73,465.14) | (20,461.38) | (4,879.74) | (16,022.08) | 2,304,098.88 | (44,798.23) | (155,137.59) |
| Net Change in Fund Balances | \$ 2,831,228.26 | \$ (319,759.28) | \$ (186,054.77) | \$ 393,630.05 | \$ 755,945.46 | \$ 795,164.82 | \$ (1,322,036.00) | \$ 4,112,071.65 | \$ 1,907,553.69 | \$ (11,666.70) |
| Debt Service as a Percentage of Noncapital Expenditures | 2.6% | 2.8% | 3.0% | 3.1% | 3.4% | 5.5% | 4.7% | 5.2% | 5.6% | 5.8% |

Source: District Records

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|-------------------------------------|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------------------|------------------------|----------------------|----------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Rentals | | | | | | | | | | |
| Jury Duty | | | | | \$ 400.00 | \$ 4,356.34 | \$ 4,808.43 | \$ 6,149.69 | | \$ 8,368.75 |
| Settlement | | | | | 15.00 | 55.00 | | | | |
| Restitution | \$ 1,066.61 | \$ 1,176.00 | \$ 60.00 | \$ 30.00 | | | | | | |
| Lost Book Fines | | | 6,252.30 | | 12.72 | 17,340.38 | 27,587.00 | | | |
| Miscellaneous Refunds | | | 400.00 | | 16.99 | | | | | |
| Energy Credits | 108,427.80 | 131,072.70 | 5,191.97 | 2,596.34 | 121,477.20 | 2,815.31 | 5,180.47 | 2,182.15 | | |
| Insurance Refunds | | | 18,018.00 | 38,359.70 | 33,399.11 | 177,204.30 | | | | |
| Rebates | 120,373.44 | 107,318.27 | 86,115.75 | 74,239.67 | 12,813.67 | 33,820.11 | 44,217.58 | 24,562.31 | 15,975.08 | 20,862.29 |
| Other | 23,489.23 | 10,517.14 | 10,689.93 | 2,932.63 | 2,093.30 | 71,605.00 | 740,000.00 | 1,600,000.00 | 4,191.14 | 4,019.86 |
| FEIMA Reimbursement | | 7,269.61 | 209.23 | 34,366.41 | | | | | | |
| Sale of Board Assets | | | | | | 514.80 | | | | |
| Service Fees | | | 66,418.75 | 35,561.75 | 48,775.10 | | | | | |
| Cancellation of Outstanding Checks | | | | 713.04 | | | 5,461.99 | 5,469.90 | 2,864.19 | 4,964.96 |
| Prior Year Refunds | 23,783.26 | 28,315.68 | 53,739.04 | 2,825.00 | 20,253.76 | 264,601.36 | 71,238.16 | 45,490.68 | 13,955.38 | 16,197.71 |
| Interest Earned on Deposits | 19,699.47 | 16,797.50 | 37,523.14 | 20,885.43 | 42,942.01 | 103,727.97 | 163,574.08 | 126,282.00 | 202,436.40 | 311,453.14 |
| Total Miscellaneous Revenues | \$ 296,839.81 | \$ 302,466.90 | \$ 284,618.11 | \$ 212,683.29 | \$ 282,198.86 | \$ 676,040.57 | \$ 1,062,067.71 | \$ 1,810,136.73 | \$ 239,422.19 | \$ 365,866.71 |

Source: District Records

Revenue Capacity Information

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

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

| Year Ended Dec. 31 | Vacant Land | Residential | Farm | Commercial | Industrial | Apartment | Total Assessed Value | Public Utilities (1) | Net Valuation Taxable | Tax-Exempt Property | Estimated Actual (County Equalized) Value | Total Direct School Tax Rate (2) |
|--------------------|------------------|---------------------|------------------|-------------------|-----------------|------------------|----------------------|----------------------|-----------------------|---------------------|---|----------------------------------|
| 2016 | \$ 73,359,300.00 | \$ 2,222,039,900.00 | \$ 33,292,800.00 | \$ 300,913,700.00 | \$ 6,880,600.00 | \$ 61,759,900.00 | \$ 2,696,246,200.00 | | \$ 2,696,246,200.00 | \$ 820,214,597.00 | \$ 2,915,132,022.00 | \$ 1.165 |
| 2015 | 75,290,000.00 | 2,223,810,300.00 | 33,028,300.00 | 303,890,100.00 | 7,080,600.00 | 61,759,900.00 | 2,704,859,200.00 | 5,670,946.00 | 2,710,530,146.00 | 819,831,440.00 | 2,995,060,895.00 | 1.158 |
| 2014 | 79,309,200.00 | 2,219,575,900.00 | 32,008,100.00 | 306,583,000.00 | 7,874,400.00 | 61,759,900.00 | 2,707,110,500.00 | 6,299,272.00 | 2,713,409,772.00 | 815,827,497.00 | 2,851,397,012.00 | 1.135 |
| 2013 | 125,817,700.00 | 2,904,657,900.00 | 37,982,000.00 | 375,739,500.00 | 12,455,200.00 | 64,640,000.00 | 3,521,292,300.00 | 7,868,387.00 | 3,529,160,687.00 | 832,418,720.00 | 3,173,644,077.00 | 0.840 |
| 2012 | 129,441,200.00 | 2,985,724,000.00 | 36,956,800.00 | 391,367,700.00 | 15,808,000.00 | 71,190,000.00 | 3,610,487,700.00 | 8,862,297.00 | 3,619,349,997.00 | 836,050,320.00 | 3,382,204,070.00 | 0.806 |
| 2011 | 133,115,900.00 | 2,983,452,800.00 | 33,210,100.00 | 399,923,200.00 | 15,808,000.00 | 71,190,000.00 | 3,636,700,000.00 | 9,156,678.00 | 3,645,856,678.00 | 828,458,120.00 | 3,574,548,835.00 | 0.797 |
| 2010 | 136,666,800.00 | 2,985,184,800.00 | 34,694,100.00 | 431,936,100.00 | 17,058,000.00 | 71,190,000.00 | 3,676,729,800.00 | 10,247,088.00 | 3,686,976,888.00 | 802,868,920.00 | 3,795,529,018.00 | 0.794 |
| 2009 (3) | 141,348,000.00 | 2,976,695,800.00 | 33,723,900.00 | 434,765,900.00 | 17,351,800.00 | 71,190,000.00 | 3,675,075,400.00 | 10,546,907.00 | 3,685,622,307.00 | 806,960,920.00 | 3,793,824,033.00 | 0.791 |
| 2008 | 64,965,900.00 | 1,596,589,100.00 | 16,130,600.00 | 195,138,700.00 | 6,752,100.00 | 39,586,300.00 | 1,919,162,700.00 | 5,233,920.00 | 1,924,396,620.00 | 428,482,200.00 | 3,963,741,750.00 | 1.485 |
| 2007 | 62,172,400.00 | 1,575,075,500.00 | 15,346,100.00 | 191,445,400.00 | 11,426,300.00 | 39,586,300.00 | 1,895,052,000.00 | 5,399,760.00 | 1,900,451,760.00 | 424,529,000.00 | 3,617,860,776.00 | 1.494 |

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

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

(3) Revaluation

Source: Atlantic County Board of Taxation

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

| Year Ended Dec. 31 | District Direct Rate | | | Overlapping Rates | | | | Total Direct and Overlapping Tax Rate |
|--------------------|----------------------|----------------------------|------------------------------|-------------------------------|----------------------|-----------------|----------|---------------------------------------|
| | Basic Rate | General Obligation Service | Total Direct School Tax Rate | Regional High School District | Township of Galloway | Atlantic County | | |
| 2016 | \$ 1.133 | \$ 0.032 | \$ 1.165 | \$ 0.673 | \$ 0.663 | \$ 0.555 | \$ 3.056 | |
| 2015 | 1.125 | 0.033 | 1.158 | 0.662 | 0.673 | 0.549 | 3.042 | |
| 2014 | 1.100 | 0.035 | 1.135 | 0.645 | 0.684 | 0.477 | 2.941 | |
| 2013 | 0.807 | 0.033 | 0.840 | 0.470 | 0.480 | 0.415 | 2.205 | |
| 2012 | 0.773 | 0.033 | 0.806 | 0.449 | 0.450 | 0.349 | 2.054 | |
| 2011 | 0.753 | 0.044 | 0.797 | 0.433 | 0.434 | 0.355 | 2.019 | |
| 2010 | 0.745 | 0.049 | 0.794 | 0.437 | 0.409 | 0.329 | 1.969 | |
| 2009 | (1) | 0.045 | 0.791 | 0.399 | 0.384 | 0.321 | 1.895 | |
| 2008 | 1.400 | 0.085 | 1.485 | 0.765 | 0.677 | 0.590 | 3.517 | |
| 2007 | 1.408 | 0.086 | 1.494 | 0.736 | 0.608 | 0.582 | 3.420 | |

(1) Revaluation

Source: Municipal Tax Collector

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

| | 2016 | | | 2007 | | |
|--|--------------------------|------|--|--------------------------|------|--|
| | Taxable Assessed Value | Rank | % of Total District Net Assessed Value | Taxable Assessed Value | Rank | % of Total District Net Assessed Value |
| Galloway Apartments, LLC | \$ 37,000,000.00 | 1 | 1.37% | \$ 24,499,500.00 | 1 | 1.29% |
| Marriott Resorts, Inc. | 34,618,500.00 | 2 | 1.28% | 24,476,400.00 | 2 | 1.29% |
| JSM at Galloway, LLC | 31,246,300.00 | 3 | 1.16% | 19,504,600.00 | 3 | 1.03% |
| Galloway Sen Prop | 10,369,500.00 | 4 | 0.38% | | | |
| Galloway National Golf Course | 8,808,500.00 | 5 | 0.33% | 5,609,400.00 | 8 | 0.30% |
| Galloway Real Property, LLC | 8,407,400.00 | 6 | 0.31% | | | |
| One Madison, LLC | 7,275,000.00 | 7 | 0.27% | | | |
| VVP3, LLC | 5,760,000.00 | 8 | 0.21% | | | |
| Aloe Village Limited Partnership | 5,600,000.00 | 9 | 0.21% | | | |
| Tilton Vistas, LLC | 5,500,000.00 | 10 | 0.20% | | | |
| Seaview Hotel Investors Lenox, Inc. | | | | 14,610,100.00 | 4 | 0.77% |
| Galloway Healthcare LP | | | | 8,087,700.00 | 5 | 0.43% |
| K. Hovnanian at Smithville, Inc. | | | | 7,004,600.00 | 6 | 0.37% |
| Blue Heron Partners, LLC | | | | 6,404,300.00 | 7 | 0.34% |
| Route 27 Acquisition LLC | | | | 4,960,100.00 | 9 | 0.26% |
| | | | | 4,775,000.00 | 10 | 0.25% |
| Total | \$ 154,585,200.00 | | 5.73% | \$ 119,931,700.00 | | 6.31% |

Source: Municipal Tax Assessor

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

| <u>Fiscal Year Ended June 30,</u> | <u>School District Taxes Levied for the Fiscal Year</u> | <u>Collected within the Fiscal Year of the Levy (1)</u> | | <u>Collections in Subsequent Years</u> |
|---------------------------------------|---|---|-------------------------------|--|
| | | <u>Amount</u> | <u>Percentage of Levy</u> | |
| 2016 | \$ 31,466,411.00 | \$ 31,466,411.00 | 100.00% | |
| 2015 | 31,348,072.00 | 31,348,072.00 | 100.00% | |
| 2014 | 30,193,840.00 | 30,193,840.00 | 100.00% | |
| 2013 | 29,129,468.00 | 29,129,468.00 | 100.00% | |
| 2012 | 29,173,288.00 | 29,173,288.00 | 100.00% | |
| 2011 | 28,922,917.00 | 28,922,917.00 | 100.00% | |
| 2010 | 29,637,135.00 | 29,637,135.00 | 100.00% | |
| 2009 | 28,613,552.00 | 28,613,552.00 | 100.00% | |
| 2008 | 28,532,411.00 | 28,395,915.18 | 99.52% | \$ 134,495.82 |
| 2007 | 27,979,997.00 | 27,719,216.08 | 99.07% | 260,780.92 |

(1) School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Source: District Records

Debt Capacity Information

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

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

| Fiscal Year Ended June 30, | Governmental Activities | | | | Business-Type Activities | | | Percentage of Personal Income (2) | Per Capita (3) |
|----------------------------|------------------------------|-------------------------------|--------------------|-------------------------|--------------------------|---------------------|-------------|-----------------------------------|----------------|
| | General Obligation Bonds (1) | Certificates of Participation | Capital Leases (1) | Bond Anticipation Notes | Capital Leases (1) | Total District Debt | Unavailable | | |
| 2016 | \$ 1,352,000.00 | - | \$ 43,643.70 | - | - | \$ 1,395,643.70 | Unavailable | Unavailable | |
| 2015 | 2,906,000.00 | - | 64,158.67 | - | - | 2,970,158.67 | Unavailable | \$ 79.65 | |
| 2014 | 4,455,000.00 | - | 84,793.16 | - | - | 4,539,793.16 | 0.28% | 120.99 | |
| 2013 | 6,014,000.00 | - | 4,578.54 | - | - | 6,018,578.54 | 0.38% | 159.94 | |
| 2012 | 7,593,000.00 | - | 7,994.99 | - | - | 7,600,994.99 | 0.48% | 203.31 | |
| 2011 | 9,167,000.00 | - | 11,206.60 | - | - | 9,178,206.60 | 0.59% | 245.57 | |
| 2010 | 11,671,000.00 | - | 14,225.69 | - | \$ 12,501.25 | 11,697,726.94 | 0.79% | 313.22 | |
| 2009 | 14,016,000.00 | - | 416,711.60 | - | 36,100.25 | 14,468,811.85 | 1.01% | 395.56 | |
| 2008 | 14,040,000.00 | - | 819,448.24 | - | 60,760.51 | 14,920,208.75 | 1.05% | 410.14 | |
| 2007 | 16,370,000.00 | - | 1,208,678.58 | - | 6,262.29 | 17,584,940.87 | 1.28% | 489.04 | |

13 Sources:

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

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

| Fiscal Year Ended June 30, | General Bonded Debt Outstanding | | | Percentage of Net Assessed Valuation Taxable (2) | Per Capita (3) |
|-------------------------------|---------------------------------|------------|---|---|----------------|
| | General Obligation Bonds | Deductions | Net General Bonded Debt Outstanding (1) | | |
| 2016 | \$ 1,352,000.00 | - | \$ 1,352,000.00 | 0.05% | Unavailable |
| 2015 | 2,906,000.00 | - | 2,906,000.00 | 0.11% | \$ 77.93 |
| 2014 | 4,455,000.00 | - | 4,455,000.00 | 0.16% | 118.73 |
| 2013 | 6,014,000.00 | - | 6,014,000.00 | 0.17% | 159.82 |
| 2012 | 7,593,000.00 | - | 7,593,000.00 | 0.21% | 203.09 |
| 2011 | 9,167,000.00 | - | 9,167,000.00 | 0.25% | 245.27 |
| 2010 | 11,671,000.00 | - | 11,671,000.00 | 0.32% | 312.50 |
| 2009 | 14,016,000.00 | - | 14,016,000.00 | 0.38% | 383.18 |
| 2008 | 14,040,000.00 | - | 14,040,000.00 | 0.73% | 385.95 |
| 2007 | 16,370,000.00 | - | 16,370,000.00 | 0.86% | 455.25 |

Sources:

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

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

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Statutory Net Debt Outstanding</u> | <u>Net Debt Outstanding Allocated to Galloway Township</u> |
|--|--------------------------|-------------------------|---|--|
| Municipal Debt: (1) | | | | |
| Galloway Township School District | \$ 2,906,000.00 | \$ 2,906,000.00 | | |
| Greater Egg Harbor Regional High School District | 28,327,515.28 | 28,327,515.28 | | |
| Galloway Township | <u>25,407,384.80</u> | <u>8,329,915.87</u> | <u>\$ 17,077,468.93</u> | <u>\$ 17,077,468.93</u> |
| | <u>56,640,900.08</u> | <u>39,563,431.15</u> | <u>17,077,468.93</u> | <u>17,077,468.93</u> |
| | | | | |
| Overlapping Debt Apportioned to the Municipality: | | | | |
| County of Atlantic: (2) | 164,136,198.54 | 8,699,000.00 (3) | 155,437,198.54 | 12,736,417.37 (4) |
| General: Bonds | <u>\$ 220,777,098.62</u> | <u>\$ 48,262,431.15</u> | <u>\$ 172,514,667.47</u> | <u>\$ 29,813,886.30</u> |

Sources:

- (1) 2015 Annual Debt Statement
- (2) County's 2015 Annual Debt Statement
- (3) Includes County College Bonds
- (4) Such debt is allocated as a proportion of the Township's share of the total 2015 Equalized Value, which is 8.19%.
 The source for this computation was the 2015 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

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

Legal Debt Margin Calculation for Fiscal Year 2016

| | | | | | | | | | | |
|----|---|------|----------------|------|----------------|------|----------------|------|----------------|------|
| | | | | | | | | | | |
| | <u>Equalized valuation basis (1)</u> | | | | | | | | | |
| \$ | 2,922,276,577 | 2015 | 2,991,282,320 | 2014 | 3,088,311,086 | 2013 | 9,001,869,983 | 2012 | 3,000,623,328 | |
| \$ | 90,018,700 | 2016 | 1,352,000 | 2015 | 88,666,700 | 2014 | 90,018,700 | 2013 | 90,018,700 | |
| | <u>Average equalized valuation of taxable property</u> | | | | | | | | | |
| \$ | 90,018,700 | 2016 | 93,255,591.53 | 2015 | 97,321,092.26 | 2014 | 102,484,351.89 | 2013 | 107,857,465.68 | |
| | <u>Debt limit (3% of average equalization value) (2)</u> | | | | | | | | | |
| \$ | 2,715,561.00 | 2016 | 2,802,667.37 | 2015 | 2,919,572.27 | 2014 | 3,074,530.35 | 2013 | 3,235,423.70 | |
| | <u>Total Net Debt Applicable to Limit</u> | | | | | | | | | |
| \$ | 88,666,700 | 2016 | 90,349,591.53 | 2015 | 97,321,092.26 | 2014 | 102,484,351.89 | 2013 | 107,857,465.68 | |
| | <u>Legal Debt Margin</u> | | | | | | | | | |
| \$ | 88,666,700 | 2016 | 90,349,591.53 | 2015 | 97,321,092.26 | 2014 | 102,484,351.89 | 2013 | 107,857,465.68 | |
| | <u>Debt limit</u> | | | | | | | | | |
| \$ | 90,018,699.83 | 2016 | 93,255,591.53 | 2015 | 97,321,092.26 | 2014 | 102,484,351.89 | 2013 | 107,857,465.68 | |
| | <u>Total net debt applicable to limit (3)</u> | | | | | | | | | |
| \$ | 88,666,699.83 | 2016 | 90,349,591.53 | 2015 | 97,321,092.26 | 2014 | 102,484,351.89 | 2013 | 107,857,465.68 | |
| | <u>Legal debt margin</u> | | | | | | | | | |
| \$ | 88,666,699.83 | 2016 | 90,349,591.53 | 2015 | 97,321,092.26 | 2014 | 102,484,351.89 | 2013 | 107,857,465.68 | |
| | <u>Total net debt applicable to the limit as a percentage of debt limit</u> | | | | | | | | | |
| % | 1.50% | 2016 | 3.12% | 2015 | 4.58% | 2014 | 5.87% | 2013 | 7.04% | |
| | <u>2010</u> | | <u>2011</u> | | <u>2009</u> | | <u>2008</u> | | <u>2007</u> | |
| \$ | 115,976,481.44 | 2010 | 112,989,855.12 | 2011 | 112,912,149.17 | 2009 | 102,597,939.50 | 2008 | 87,977,846.00 | 2007 |
| | <u>2010</u> | | <u>2011</u> | | <u>2009</u> | | <u>2008</u> | | <u>2007</u> | |
| \$ | 115,976,481.44 | 2010 | 112,989,855.12 | 2011 | 112,912,149.17 | 2009 | 102,597,939.50 | 2008 | 87,977,846.00 | 2007 |
| | <u>2010</u> | | <u>2011</u> | | <u>2009</u> | | <u>2008</u> | | <u>2007</u> | |
| \$ | 115,976,481.44 | 2010 | 112,989,855.12 | 2011 | 112,912,149.17 | 2009 | 102,597,939.50 | 2008 | 87,977,846.00 | 2007 |
| | <u>2010</u> | | <u>2011</u> | | <u>2009</u> | | <u>2008</u> | | <u>2007</u> | |
| \$ | 115,976,481.44 | 2010 | 112,989,855.12 | 2011 | 112,912,149.17 | 2009 | 102,597,939.50 | 2008 | 87,977,846.00 | 2007 |

Sources:
 (1) Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
 (2) Limit set by NJSA 18A:24-19 for a K through 8 district.
 (3) District Records

Demographic and Economic Information

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

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

| <u>Year</u> | <u>Population (1)</u> | <u>Personal Income (2)</u> | <u>Per Capita Personal Income (3)</u> | <u>Unemployment Rate (4)</u> |
|-------------|-----------------------|--------------------------------|---|----------------------------------|
| 2015 | 37,291 | Unavailable | Unavailable | 8.5% |
| 2014 | 37,523 | \$ 1,626,096,728.00 | \$ 43,336.00 | 9.5% |
| 2013 | 37,631 | 1,567,669,829.00 | 41,659.00 | 10.8% |
| 2012 | 37,387 | 1,567,524,749.00 | 41,927.00 | 12.2% |
| 2011 | 37,375 | 1,545,007,750.00 | 41,338.00 | 11.5% |
| 2010 | 37,347 | 1,476,887,115.00 | 39,545.00 | 10.8% |
| 2009 | 36,578 | 1,432,138,434.00 | 39,153.00 | 10.7% |
| 2008 | 36,378 | 1,422,598,068.00 | 39,106.00 | 6.6% |
| 2007 | 35,958 | 1,370,359,380.00 | 38,110.00 | 5.4% |
| 2006 | 35,879 | 1,334,627,042.00 | 37,198.00 | 5.2% |

Sources:

- (1) Population information provided by the NJ Dept of Labor and Workforce Development
- (2) Personal income has been estimated based upon the municipal population and per capita
- (3) Per Capita personal income of Atlantic County-estimated based upon the 2010 Census published
- (4) Unemployment data provided by the NJ Dept of Labor and Workforce Development

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

| <u>Employer</u> | <u>2016</u> | | | <u>2007</u> | | |
|--|------------------|-------------|---|------------------|-------------|---|
| | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total Municipal Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total Municipal Employment</u> |
| Atlantic City Medical Center | 3,500 | 1 | 19% | 3,500 | 1 | 18% |
| Federal Aviation Administration | 3,000 | 2 | 17% | 3,000 | 2 | 15% |
| Richard Stockton College | 840 | 3 | 5% | 840 | 3 | 4% |
| Marriott Corporation / Marriott Country Club | 550 | 4 | 3% | 550 | 4 | 3% |
| Betty Bacharach Rehabilitation Center | 525 | 5 | 3% | 525 | 5 | 3% |
| Ole Hansen & Sons | 400 | 6 | 2% | | | |
| Renault Winery | 290 | 7 | 2% | 290 | 7 | 1% |
| Village of Smithville | 200 | 8 | 1% | | | |
| Blue Heron Pines | < 200 | 9,10 | | 225 | 8 | 1% |
| Lenox China | < 200 | 9,10 | | 350 | 6 | 2% |
| First Student | | | | | | |
| | <u>9,305</u> | | <u>51.50%</u> | <u>9,280</u> | | <u>47.87%</u> |

Source: Township of Galloway

Operating Information

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

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

| Function/Program | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Instruction | 213 | 205 | 203 | 206 | 212 | 212 | 245 | 254 | 260 | 259 |
| Regular | 88 | 85 | 84 | 79 | 74 | 74 | 85 | 82 | 82 | 82 |
| Special education | 49 | 47 | 47 | 47 | 30 | 30 | 30 | 27 | 26 | 25 |
| Other special education | 31 | 30 | 30 | 29 | 23 | 23 | 38 | 40 | 47 | 47 |
| Support Services: | | | | | | | | | | |
| Student & instruction related services | 71 | 68 | 66 | 66 | 62 | 70 | 18 | 18 | 18 | 19 |
| General administrative services | 3 | 3 | 3 | 3 | 3 | 3 | 32 | 32 | 32 | 32 |
| School administrative services | 24 | 23 | 23 | 23 | 23 | 23 | 15 | 15 | 15 | 15 |
| Business administrative services | 6 | 6 | 6 | 6 | 6 | 6 | 1 | 1 | 1 | 1 |
| Plant operations and maintenance | 50 | 48 | 47 | 47 | 47 | 46 | 46 | 46 | 45 | 45 |
| Pupil transportation | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Food Service | 25 | 24 | 26 | 27 | 35 | 36 | 36 | 36 | 35 | 35 |
| Community Education and Recreation | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Total | 564 | 543 | 539 | 537 | 534 | 527 | 550 | 555 | 565 | 564 |

Source: District Records

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

| Fiscal Year Ended June 30, | Enrollment | Operating Expenditures | Cost Per Pupil | Percentage Change | Teaching Staff | Pupil/Teacher Ratio | | Average Daily Enrollment (ADE) | Average Daily Attendance (ADA) | % Change in Average Daily Enrollment | Student Attendance Percentage |
|----------------------------|------------|------------------------|----------------|-------------------|----------------|---------------------|---------------|--------------------------------|--------------------------------|--------------------------------------|-------------------------------|
| | | | | | | Elementary | Middle School | | | | |
| 2016 | 3,299 | \$ 62,181,833.58 | \$ 18,848.69 | 2.27% | 354 | 11.3/1 | 11.3/1 | 3,283.7 | 3,141.5 | -3.54% | 95.67% |
| 2015 | 3,282 | 60,490,166.55 | 18,430.89 | 8.97% | 341 | 9.6/1 | 9.6/1 | 3,268.4 | 3,126.4 | -4.78% | 95.66% |
| 2014 | 3,450 | 58,349,848.47 | 16,913.00 | 2.62% | 313 | 11.5/1 | 11.5/1 | 3,339.8 | 3,191.9 | -3.83% | 95.57% |
| 2013 | 3,528 | 58,148,194.10 | 16,481.91 | 6.84% | 314 | 11.5/1 | 11.5/1 | 3,404.2 | 3,207.0 | -2.81% | 94.21% |
| 2012 | 3,566 | 55,010,661.90 | 15,426.43 | 5.44% | 312 | 11.6/1 | 11.6/1 | 3,432.4 | 3,285.4 | -3.26% | 95.72% |
| 2011 | 3,618 | 52,935,180.84 | 14,631.06 | -5.58% | 309 | 11.7/1 | 11.7/1 | 3,472.7 | 3,336.9 | -5.65% | 96.09% |
| 2010 | 3,672 | 56,900,202.98 | 15,495.70 | 6.01% | 335 | 11.0/1 | 11.0/1 | 3,502.7 | 3,348.7 | -4.83% | 95.60% |
| 2009 | 3,723 | 54,417,298.00 | 14,616.52 | 9.54% | 336 | 10.5/1 | 10.6/1 | 3,548.2 | 3,393.4 | -3.59% | 95.64% |
| 2008 | 3,847 | 51,333,460.48 | 13,343.76 | 5.50% | 342 | 10.5/1 | 10.6/1 | 3,680.5 | 3,515.6 | -3.12% | 95.52% |
| 2007 | 3,982 | 50,365,075.16 | 12,648.19 | 7.42% | 330 | 10.2/1 | 12.1/1 | 3,798.9 | 3,615.8 | -2.02% | 95.18% |

Sources: District Records

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|------------|------------|------------|------------|------------|------------|---------|---------|---------|
| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| District Building | | | | | | | | | | |
| Elementary | | | | | | | | | | |
| Arthur Rann (1965, 1978, 1984, 1987) | 71,531 | 71,531 | 71,531 | 71,531 | 71,531 | 71,531 | 71,531 | 71,531 | 71,531 | 71,531 |
| Square Feet | 740 | 740 | 740 | 740 | 740 | 740 | 740 | 740 | 740 | 740 |
| Capacity (students) | 667 | 647 | 656 | 654 | 657 | 645 | 627 | 624 | 638 | 651 |
| Enrollment | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 16,838 | 16,838 | 16,838 |
| Cologne (1930, 1965) | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 180 | 180 | 180 |
| Square Feet | demolished | demolished | demolished | demolished | demolished | demolished | demolished | closed | closed | closed |
| Capacity (students) | | | | | | | | | | |
| Enrollment | | | | | | | | | | |
| Oceanville (1927, 1953) | 14,260 | 14,260 | 14,260 | 14,260 | 14,260 | 14,260 | 14,260 | 14,260 | 14,260 | 14,260 |
| Square Feet | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 |
| Capacity (students) | (A) | (A) | (A) | (A) | (A) | (A) | 139 | 129 | 161 | 147 |
| Enrollment | | | | | | | | | | |
| Pomona (1930, 1965, 1979) | 16,838 | 16,838 | 16,838 | 16,838 | 16,838 | 16,838 | 16,838 | 16,838 | 16,838 | 16,838 |
| Square Feet | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 |
| Capacity (students) | 119 | 107 | 85 | 92 | 72 | 94 | 185 | 175 | 181 | 198 |
| Enrollment | | | | | | | | | | |
| Reeds Road School (1988) | 71,643 | 71,643 | 71,643 | 71,643 | 71,643 | 71,643 | 71,643 | 71,643 | 71,643 | 71,643 |
| Square Feet | 787 | 787 | 787 | 787 | 787 | 787 | 787 | 787 | 787 | 787 |
| Capacity (students) | 605 | 613 | 617 | 619 | 652 | 671 | 569 | 600 | 611 | 646 |
| Enrollment | | | | | | | | | | |
| Roland Rogers School (1991) | 92,211 | 92,211 | 92,211 | 92,211 | 92,211 | 92,211 | 92,211 | 92,211 | 92,211 | 92,211 |
| Square Feet | 760 | 760 | 760 | 760 | 760 | 760 | 760 | 760 | 760 | 760 |
| Capacity (students) | 525 | 535 | 532 | 546 | 552 | 539 | 559 | 580 | 583 | 568 |
| Enrollment | | | | | | | | | | |
| Smithville School (1991) | 92,211 | 92,211 | 92,211 | 92,211 | 92,211 | 92,211 | 92,211 | 92,211 | 92,211 | 92,211 |
| Square Feet | 760 | 760 | 760 | 760 | 760 | 760 | 760 | 760 | 760 | 760 |
| Capacity (students) | 628 | 621 | 640 | 654 | 649 | 657 | 559 | 538 | 544 | 625 |
| Enrollment | | | | | | | | | | |
| South Egg Harbor School (1950) | n/a | n/a | n/a | n/a | n/a | n/a | 6,625 | 6,625 | 6,625 | 6,625 |
| Square Feet | n/a | n/a | n/a | n/a | n/a | n/a | 105 | 105 | 105 | 105 |
| Capacity (students) | demolished | demolished | demolished | demolished | demolished | demolished | closed | closed | closed | closed |
| Enrollment | | | | | | | | | | |
| Middle School | | | | | | | | | | |
| Galloway Township Middle School (2000) | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| Square Feet | 900 | 900 | 900 | 900 | 900 | 900 | 900 | 900 | 900 | 900 |
| Capacity (students) | 755 | 759 | 807 | 824 | 832 | 872 | 866 | 908 | 949 | 965 |
| Enrollment | | | | | | | | | | |

Number of Schools at June 30, 2016
 Elementary = 5
 Middle School = 1
 High School = 0
 Other = 2 buildings demolished and 1 utilized for maintenance.

(A) Oceanville building is being utilized for the maintenance department.

Source: District Records

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

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES (11-400-261-XXX)

| * School Facilities | Project # (s) | Fiscal Year Ended June 30, | | | | | | | | | |
|---------------------------------|---------------|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|---------------|---------------|
| | | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Galloway Middle School | 016 | \$ 306,503.65 | \$ 151,017.05 | \$ 149,696.04 | \$ 138,173.42 | \$ 152,947.57 | \$ 124,586.25 | \$ 144,496.55 | \$ 189,678.28 | \$ 138,524.04 | \$ 126,446.90 |
| Arthur Rann | 015 | 125,139.76 | 103,854.19 | 87,185.99 | 181,122.02 | 93,317.82 | 97,108.03 | 147,195.11 | 91,357.14 | 76,373.09 | 89,418.72 |
| Cologne | 020 | 153.61 | 656.14 | 1,489.58 | 282.83 | 682.13 | 10,321.69 | 6,504.57 | 27,847.90 | 17,275.69 | 17,688.46 |
| Oceanville | 030 | 22,815.66 | 25,073.65 | 39,046.45 | 26,670.39 | 19,698.10 | 43,920.87 | 25,149.50 | 72,861.33 | 50,511.49 | 57,956.93 |
| Pomona | 040 | 73,475.79 | 46,344.57 | 73,802.90 | 47,408.07 | 76,945.63 | 55,073.91 | 46,401.46 | 71,162.41 | 31,470.15 | 31,196.97 |
| Reeds Road | 045 | 203,176.52 | 117,862.59 | 126,537.65 | 94,582.88 | 115,698.26 | 108,952.70 | 107,620.10 | 129,005.90 | 81,877.77 | 63,539.19 |
| Roland Rogers | 046 | 101,641.46 | 91,543.61 | 109,746.06 | 108,730.93 | 118,236.54 | 96,231.34 | 97,013.28 | 233,714.01 | 141,425.24 | 131,088.51 |
| Smithville | 048 | 123,571.97 | 116,362.45 | 114,989.16 | 103,708.04 | 112,854.03 | 79,777.81 | 147,858.27 | 106,342.92 | 114,767.36 | 122,736.57 |
| South Egg Harbor Administration | 050 | 426.69 | 705.35 | 885.35 | 646.46 | 642.01 | 3,889.70 | 516.35 | 12,902.19 | 5,435.44 | 9,401.50 |
| | 999 | 38,009.46 | 54,082.07 | 28,385.89 | 42,411.81 | 53,548.50 | 81,000.32 | 89,603.25 | 129,695.09 | 37,736.48 | 29,326.30 |
| Total School Facilities | | 994,915 | 707,501.67 | 731,765.07 | 743,736.85 | 744,570.59 | 700,862.62 | 812,358.44 | 1,064,567.17 | 695,396.75 | 678,800.05 |
| Other Facilities | | - | - | - | - | - | - | - | - | - | - |
| Grand Total | | \$ 994,914.57 | \$ 707,501.67 | \$ 731,765.07 | \$ 743,736.85 | \$ 744,570.59 | \$ 700,862.62 | \$ 812,358.44 | \$ 1,064,567.17 | \$ 695,396.75 | \$ 678,800.05 |

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

Source: District Records

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT

Insurance Schedule

June 30, 2016

Unaudited

| | | <u>Coverage</u> | <u>Deductible</u> |
|---|-----|-------------------|-------------------|
| School Alliance Insurance Fund: | | | |
| Property, Auto Physical Damage, Boiler and Machinery and Inland Marine | (A) | \$ 250,000,000.00 | \$ 1,000.00 |
| General and Auto Liability | (A) | 15,000,000.00 | |
| Workers Compensation | (A) | 5,000,000.00 | |
| School Leaders Liability Policy | (B) | 5,000,000.00 | |
| Environmental Impairment | (A) | 1,000,000.00 | 100,000.00 |
| Public Employees Dishonesty | (B) | 400,000.00 | 1,000.00 |
| Student Accident Policy: | | | |
| Student Accident | | 400,000.00 | |
| Selective Insurance Company Bond: | | | |
| School Business Administrator | | 297,000.00 | |

- (A) Per Occurrence
(B) Aggregate

Source: District Records

SINGLE AUDIT SECTION

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance, and State of New Jersey Circular 15-08-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Township of Galloway School District's, in the County of Atlantic, State of New Jersey, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Daniel M. DiGangi

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

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

| Pass-through Grantor/Program Title | Federal CFDA Number | Federal FAIN Number | Pass-through Entity Identifying Number | Award Amount | Grant Period | | Balance June 30, 2015 | Carry-over Amount | |
|---|---------------------------|---------------------------|---|-----------------|--------------|----------|--------------------------|----------------------|----------|
| | | | | | From | To | | | |
| General Fund | | | | | | | | | |
| U.S. Department of Health and Human Services: | | | | | | | | | |
| Passed-through the State Department of Education: | | | | | | | | | |
| Medical Assistance Program (Medicaid): | | | | | | | | | |
| Special Education Medicaid Initiative | 93.778 | 1605NJ5MAP | N/A | \$ 38,024.16 | 7-1-13 | 6-30-14 | | | |
| Special Education Medicaid Initiative | 93.778 | 1605NJ5MAP | N/A | 182,233.35 | 7-1-15 | 6-30-16 | | | |
| Medicaid Administrative Claiming Aid | 93.778 | 1605NJ5MAP | N/A | 12,203.27 | 7-1-15 | 6-30-16 | | | |
| Total Medical Assistance Program (Medicaid) | | | | | | | - | - | |
| Total General Fund | | | | | | | | | |
| | | | | | | | - | - | |
| Special Revenue Fund: | | | | | | | | | |
| U.S. Department of Education: | | | | | | | | | |
| Passed-through State Department of Education: | | | | | | | | | |
| N.C.L.B.: | | | | | | | | | |
| Title I, Part A | 84.010A | S010A150030 | NCLB169015 | 402,772.00 | 7-1-14 | 6-30-15 | \$ (44,194.80) | \$ (42,511.00) | |
| Title I, Part A | 84.010A | S010A150030 | NCLB169016 | 505,455.00 | 7-1-15 | 6-30-16 | | 42,511.00 | |
| Total Title I, Part A | | | | | | | (44,194.80) | - | |
| Title II, Part A, Improving Teacher Quality | 84.367A | S367A150029 | NCLB169015 | 66,925.00 | 7-1-14 | 6-30-15 | (16,898.94) | (16,190.00) | |
| Title II, Part A, Improving Teacher Quality | 84.367A | S367A150029 | NCLB169016 | 66,442.00 | 7-1-15 | 6-30-16 | | 16,190.00 | |
| Total Title II, Part A, Improving Teacher Quality | | | | | | | (16,898.94) | - | |
| Title III | 84.365A | S365A150030 | NCLB169015 | 33,495.00 | 7-1-14 | 6-30-15 | (1,787.19) | (21,851.00) | |
| Title III | 84.365A | S365A150030 | NCLB169016 | 27,060.00 | 7-1-15 | 6-30-16 | | 21,851.00 | |
| Total Title III | | | | | | | (1,787.19) | - | |
| I.D.E.A. Part B: | | | | | | | | | |
| Special Education Cluster: | | | | | | | | | |
| Basic | 84.027 | H027A150100 | FT169015 | 911,362.00 | 7-1-14 | 6-30-15 | (162,155.83) | (54,039.00) | |
| Basic | 84.027 | H027A150100 | FT169016 | 947,121.00 | 7-1-15 | 6-30-16 | | 54,039.00 | |
| Preschool | 84.173 | H173A150114 | PS169015 | 36,195.00 | 7-1-14 | 6-30-15 | (600.39) | (6,297.00) | |
| Preschool | 84.173 | H173A150114 | PS169016 | 37,941.00 | 7-1-15 | 6-30-16 | | 6,297.00 | |
| Total I.D.E.A. Part B Special Education Cluster | | | | | | | (162,756.22) | - | |
| Race to the Top: | | | | | | | | | |
| Race to the Top | 84.413A | B413A120008 | NGO 12-RT01-A01 | 35,876.00 | 9-1-11 | 11-30-15 | (70.00) | | |
| Race to the Top Phase 3 | 84.413A | B413A120008 | N/A | 8,250.00 | 6-1-16 | 11-30-16 | | | |
| Total Race to the Top | | | | | | | (70.00) | - | |
| Preschool Development Grant | 84.419B | S419B150020 | N/A | 1,065,421.00 | 4-15-15 | 6-30-16 | - | - | |
| Total Special Revenue Fund | | | | | | | | | |
| | | | | | | | (225,707.15) | - | |
| Enterprise Fund: | | | | | | | | | |
| U.S. Department of Agriculture: | | | | | | | | | |
| Passed-through State Department of Education: | | | | | | | | | |
| Child Nutrition Cluster: | | | | | | | | | |
| School Breakfast Program | 10.553 | 16161NJ304N1099 | Unavailable | 174,311.86 | 7-1-14 | 6-30-15 | (12,882.08) | | |
| School Breakfast Program | 10.553 | 16161NJ304N1099 | Unavailable | 225,864.23 | 7-1-15 | 6-30-16 | | | |
| Food Distribution Program | 10.555 | 16161NJ304N1099 | Unavailable | 46,612.93 | 7-1-14 | 6-30-15 | 5,730.79 | | |
| Food Distribution Program | 10.555 | 16161NJ304N1099 | Unavailable | 86,961.73 | 7-1-15 | 6-30-16 | | | |
| After School Snack Program | 10.555 | 16161NJ304N1099 | Unavailable | 16,478.72 | 7-1-14 | 6-30-15 | (806.88) | | |
| After School Snack Program | 10.555 | 16161NJ304N1099 | Unavailable | 16,070.04 | 7-1-15 | 6-30-16 | | | |
| National School Lunch Program | 10.555 | 16161NJ304N1099 | Unavailable | 760,132.06 | 7-1-14 | 6-30-15 | (53,778.24) | | |
| National School Lunch Program | 10.555 | 16161NJ304N1099 | Unavailable | 820,679.77 | 7-1-15 | 6-30-16 | | | |
| Summer Food Service Program for Children | 10.559 | 16161NJ304N1099 | Unavailable | 11,291.21 | 7-1-15 | 6-30-16 | | | |
| Total Child Nutrition Cluster | | | | | | | (61,736.41) | - | |
| Total Enterprise Fund | | | | | | | | | |
| | | | | | | | (61,736.41) | - | |
| Total Federal Financial Assistance | | | | | | | \$ | (287,443.56) | - |

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

| Cash Received | Budgetary Expenditures | | | Passed Through to Subrecipients | Adjustments (A) | Repayment of Prior Years' Balances | Balance June 30, 2016 | | Due to Grantor |
|-----------------|------------------------|--------------|------------------------------|---------------------------------|-----------------|------------------------------------|-----------------------|------------------|----------------|
| | Pass-through Funds | Direct Funds | Total Budgetary Expenditures | | | | Accounts Receivable | Unearned Revenue | |
| \$ 69,178.62 | \$ 38,024.16 | | \$ 38,024.16 | | | | \$ (38,024.16) | | |
| 12,203.27 | 182,333.35 | | 182,333.35 | | | | (113,154.73) | | |
| | 12,203.27 | | 12,203.27 | | | | | | |
| 81,381.89 | 232,560.78 | - | 232,560.78 | - | - | - | (151,178.89) | - | - |
| 81,381.89 | 232,560.78 | - | 232,560.78 | - | - | - | (151,178.89) | - | - |
| 86,705.00 | | | | | \$ 0.80 | | | | |
| 200,658.00 | 525,788.22 | | 525,788.22 | | | | (304,797.00) | \$ 22,177.78 | |
| 287,363.00 | 525,788.22 | - | 525,788.22 | - | 0.80 | - | (304,797.00) | 22,177.78 | - |
| 33,090.00 | | | | | (1.06) | | | | |
| 37,071.00 | 80,092.33 | | 80,092.33 | | | | (29,371.00) | 2,539.67 | |
| 70,161.00 | 80,092.33 | - | 80,092.33 | - | (1.06) | - | (29,371.00) | 2,539.67 | - |
| 23,639.00 | | | | | (0.81) | | | | |
| 2,718.00 | 27,157.02 | | 27,157.02 | | | | (24,342.00) | 21,753.98 | |
| 26,357.00 | 27,157.02 | - | 27,157.02 | - | (0.81) | - | (24,342.00) | 21,753.98 | - |
| 216,751.00 | | | | | (556.17) | | | | |
| 787,236.00 | 931,136.72 | | 931,136.72 | | | | (159,885.00) | 70,023.28 | |
| 6,897.00 | | | | | 0.39 | | | | |
| | 23,671.80 | | 23,671.80 | | | | (47,304.00) | 29,929.20 | |
| 1,010,884.00 | 954,808.52 | - | 954,808.52 | - | (555.78) | - | (207,189.00) | 99,952.48 | - |
| | | | | | 70.00 | | | | |
| | | | | | | | (8,250.00) | 8,250.00 | |
| - | - | - | - | - | 70.00 | - | (8,250.00) | 8,250.00 | - |
| 862,070.00 | 901,882.71 | | 901,882.71 | | - | - | (203,351.00) | 163,538.29 | - |
| 2,256,835.00 | 2,489,728.80 | - | 2,489,728.80 | - | (486.85) | - | (777,300.00) | 318,212.20 | - |
| 12,882.08 | | | | | | | | | |
| 214,437.49 | 225,864.23 | | 225,864.23 | | | | (11,426.74) | | |
| | 5,730.79 | | 5,730.79 | | | | | | |
| 86,961.73 | 83,138.32 | | 83,138.32 | | | | | 3,823.41 | |
| 806.88 | | | | | | | | | |
| 15,513.96 | 16,070.04 | | 16,070.04 | | | | (556.08) | | |
| 53,778.24 | | | | | | | | | |
| 781,505.13 | 820,679.77 | | 820,679.77 | | | | (39,174.64) | | |
| 11,291.21 | 11,291.21 | | 11,291.21 | | | | | | |
| 1,177,176.72 | 1,162,774.36 | - | 1,162,774.36 | - | - | - | (51,157.46) | 3,823.41 | - |
| 1,177,176.72 | 1,162,774.36 | - | 1,162,774.36 | - | - | - | (51,157.46) | 3,823.41 | - |
| \$ 3,515,393.61 | \$ 3,885,063.94 | - | \$ 3,885,063.94 | - | \$ (486.85) | - | \$ (979,636.35) | \$ 322,035.61 | - |

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

| State Grantor/ Program Title | State Project Number | Award Amount | Required Match | From | Grant Period To | Balance June 30, 2015 | |
|---|-------------------------|------------------|-------------------|--------|--------------------|--|-------------------|
| | | | | | | Unearned Revenue / Accounts Receivable | Due to Grantor |
| General Fund: | | | | | | | |
| New Jersey Department of Education: | | | | | | | |
| Current Expense: | | | | | | | |
| State Aid - Public Cluster: | | | | | | | |
| Equalization Aid | 15-495-034-5120-078 | \$ 20,530,313.00 | N/A | 7-1-14 | 6-30-15 | \$ (1,942,382.71) | |
| Equalization Aid | 16-495-034-5120-078 | 20,530,313.00 | N/A | 7-1-15 | 6-30-16 | | |
| Categorical Special Education Aid | 15-495-034-5120-089 | 1,973,337.00 | N/A | 7-1-14 | 6-30-15 | (186,698.36) | |
| Categorical Special Education Aid | 16-495-034-5120-089 | 1,973,337.00 | N/A | 7-1-15 | 6-30-16 | | |
| Categorical Security Aid | 15-495-034-5120-084 | 730,204.00 | N/A | 7-1-14 | 6-30-15 | (69,084.95) | |
| Categorical Security Aid | 16-495-034-5120-084 | 730,204.00 | N/A | 7-1-15 | 6-30-16 | | |
| PARCC Readiness Aid | 15-495-034-5120-098 | 33,240.00 | N/A | 7-1-14 | 6-30-15 | (3,144.85) | |
| PARCC Readiness Aid | 16-495-034-5120-098 | 33,240.00 | N/A | 7-1-15 | 6-30-16 | | |
| Per Pupil Growth Aid | 15-495-034-5120-097 | 33,240.00 | N/A | 7-1-14 | 6-30-15 | (3,144.85) | |
| Per Pupil Growth Aid | 16-495-034-5120-097 | 33,240.00 | N/A | 7-1-15 | 6-30-16 | | |
| Total State Aid - Public Cluster | | | | | | (2,204,455.72) | - |
| State Aid - Transportation: | | | | | | | |
| Categorical Transportation Aid | 15-495-034-5120-014 | 339,014.00 | N/A | 7-1-14 | 6-30-15 | (32,074.28) | |
| Categorical Transportation Aid | 16-495-034-5120-014 | 339,014.00 | N/A | 7-1-15 | 6-30-16 | | |
| Additional Non-Public Transportation Aid | 15-495-034-5120-014 | 42,282.00 | N/A | 7-1-14 | 6-30-15 | (42,282.00) | |
| Additional Non-Public Transportation Aid | 16-495-034-5120-014 | 41,586.00 | N/A | 7-1-15 | 6-30-16 | | |
| Total State Aid - Transportation | | | | | | (74,356.28) | - |
| Extraordinary Aid | | | | | | | |
| Extraordinary Aid | 15-100-034-5120-044 | 404,521.00 | N/A | 7-1-14 | 6-30-15 | (404,521.00) | |
| Extraordinary Aid | 16-100-034-5120-044 | 409,466.00 | N/A | 7-1-15 | 6-30-16 | | |
| Total Extraordinary Aid | | | | | | (404,521.00) | - |
| Homeless Tuition Aid | | | | | | | |
| Homeless Tuition Aid | 15-495-034-5120-005 | 42,860.00 | N/A | 7-1-14 | 6-30-15 | (42,860.00) | |
| Homeless Tuition Aid | 16-495-034-5120-005 | 3,224.00 | N/A | 7-1-15 | 6-30-16 | | |
| Total Homeless Tuition Aid | | | | | | (42,860.00) | - |
| Reimbursed TPAF Social Security Contributions | | | | | | | |
| Reimbursed TPAF Social Security Contributions | 15-495-034-5094-003 | 1,827,416.40 | N/A | 7-1-14 | 6-30-15 | (92,909.24) | |
| Reimbursed TPAF Social Security Contributions | 16-495-034-5094-003 | 1,754,267.94 | N/A | 7-1-15 | 6-30-16 | | |
| Total Reimbursed TPAF Social Security Contributions | | | | | | (92,909.24) | - |
| Total General Fund | | | | | | (2,819,102.24) | - |
| Special Revenue Fund: | | | | | | | |
| New Jersey Department of Education: | | | | | | | |
| Nonpublic Aid: | | | | | | | |
| Nursing Services | 15-100-034-5120-070 | 54,445.00 | N/A | 7-1-14 | 6-30-15 | | \$ 2,421.00 |
| Nursing Services | 16-100-034-5120-070 | 52,470.00 | N/A | 7-1-15 | 6-30-16 | | |
| Textbook Aid (Ch. 194) | 15-100-034-5120-064 | 34,199.00 | N/A | 7-1-14 | 6-30-15 | | 2,886.00 |
| Textbook Aid (Ch. 194) | 16-100-034-5120-064 | 33,290.00 | N/A | 7-1-15 | 6-30-16 | | |
| Technology | 15-100-034-5120-373 | 18,368.00 | N/A | 7-1-14 | 6-30-15 | | 1,014.00 |
| Technology | 16-100-034-5120-373 | 15,158.00 | N/A | 7-1-15 | 6-30-16 | | |
| Security | 16-100-034-5120-509 | 16,975.00 | N/A | 7-1-15 | 6-30-16 | | |
| Auxiliary Services (Ch. 192) | | | | | | | |
| Compensatory Education | 15-100-034-5120-067 | 87,788.00 | N/A | 7-1-14 | 6-30-15 | | 33,077.00 |
| Compensatory Education | 16-100-034-5120-067 | 80,373.00 | N/A | 7-1-15 | 6-30-16 | | |
| Home Instruction | 16-100-034-5120-067 | 8,447.00 | N/A | 7-1-15 | 6-30-16 | | |
| Handicapped Services (Ch. 193) | | | | | | | |
| Corrective Speech | 15-100-034-5120-066 | 30,529.00 | N/A | 7-1-14 | 6-30-15 | | 5,596.00 |
| Corrective Speech | 16-100-034-5120-066 | 25,082.00 | N/A | 7-1-15 | 6-30-16 | | |
| Supplementary Instruction | 15-100-034-5120-066 | 32,957.00 | N/A | 7-1-14 | 6-30-15 | | 8,630.00 |
| Supplementary Instruction | 16-100-034-5120-066 | 33,416.00 | N/A | 7-1-15 | 6-30-16 | | |
| Examination and Classification | 15-100-034-5120-066 | 44,265.00 | N/A | 7-1-14 | 6-30-15 | | 12,462.00 |
| Examination and Classification | 16-100-034-5120-066 | 70,544.00 | N/A | 7-1-15 | 6-30-16 | | |
| Total Nonpublic Aid: | | | | | | - | 66,086.00 |
| Preschool Education Aid | | | | | | | |
| Preschool Education Aid | 15-495-034-5120-086 | 102,300.00 | N/A | 7-1-14 | 6-30-15 | 17,003.00 | |
| Preschool Education Aid | 16-495-034-5120-086 | 102,300.00 | N/A | 7-1-15 | 6-30-16 | | |
| Total Preschool Education Aid | | | | | | 17,003.00 | - |
| Total Special Revenue Fund | | | | | | 17,003.00 | 66,086.00 |
| Capital Projects Fund: | | | | | | | |
| School Development Authority | 1690-046-14-1003 | 979,819.00 | \$ 1,082,181.00 | 7-1-14 | Completion | (111,947.00) | |
| School Development Authority | 1690-048-14-1004 | 979,819.00 | 1,082,181.00 | 7-1-14 | Completion | (122,235.00) | |
| School Development Authority | 1690-045-14-1001 | 139,227.00 | 153,773.00 | 7-1-15 | Completion | | |
| School Development Authority | 1690-046-14-1002 | 157,759.00 | 174,241.00 | 7-1-15 | Completion | | |
| School Development Authority | 1690-048-14-1005 | 157,759.00 | 174,241.00 | 7-1-15 | Completion | | |
| Total Capital Projects Fund | | | | | | (234,182.00) | - |
| Debt Service Fund: | | | | | | | |
| New Jersey Department of Education: | | | | | | | |
| School Construction Debt Service Aid | 16-495-034-5120-075 | 652,807.00 | N/A | 7-1-15 | 6-30-16 | - | - |
| Enterprise Fund: | | | | | | | |
| New Jersey Department of Agriculture: | | | | | | | |
| Child Nutrition Cluster: | | | | | | | |
| State School Lunch Aid | 15-100-010-3350-023 | 16,986.94 | N/A | 7-1-14 | 6-30-15 | (1,208.48) | |
| State School Lunch Aid | 16-100-010-3350-023 | 17,648.33 | N/A | 7-1-15 | 6-30-16 | | |
| Total Enterprise Fund | | | | | | (1,208.48) | - |
| Total State Financial Assistance subject to Major Program Determination for State Single Audit | | | | | | (3,037,489.72) | 66,086.00 |
| State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit: | | | | | | | |
| General Fund (Non-Cash Assistance): | | | | | | | |
| New Jersey Department of the Treasury: | | | | | | | |
| TPAF Post Retirement Medical | 16-495-034-5094-001 | 2,308,632.00 | N/A | 7-1-15 | 6-30-16 | | |
| Teacher's Pension & Annuity Fund | 16-495-034-5094-002 | 1,846,849.00 | N/A | 7-1-15 | 6-30-16 | | |
| TPAF Non-Contributory Insurance | 16-495-034-5094-004 | 91,998.00 | N/A | 7-1-15 | 6-30-16 | | |
| Total General Fund (Non-Cash Assistance) | | | | | | - | - |
| Total State Financial Assistance | | | | | | \$ (3,037,489.72) | \$ 66,086.00 |

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

| Cash Received | Total Budgetary Expenditures | Passed-Through to Subrecipients | Adjustments (A) | Repayment of Prior Years' Balances | Balance June 30, 2016 | | | Memo | |
|------------------|------------------------------|---------------------------------|-----------------|------------------------------------|-----------------------|--------------------------------------|----------------|------------------------------------|-------------------------------|
| | | | | | Accounts Receivable | Unearned Revenue / Interfund Payable | Due to Grantor | Budgetary Receivable June 30, 2016 | Cumulative Total Expenditures |
| \$ 1,942,382.71 | | | | | | | | | |
| 18,601,657.49 | \$ 20,530,313.00 | | | | \$ (1,928,655.51) | | | \$ (1,928,655.51) | \$ 20,530,313.00 |
| 166,698.36 | | | | | | | | | |
| 1,787,958.08 | 1,973,337.00 | | | | (185,378.92) | | | (185,378.92) | 1,973,337.00 |
| 69,084.95 | | | | | | | | | |
| 661,607.29 | 730,204.00 | | | | (68,596.71) | | | (68,596.71) | 730,204.00 |
| 3,144.85 | | | | | | | | | |
| 30,117.37 | 33,240.00 | | | | (3,122.63) | | | (3,122.63) | 33,240.00 |
| 3,144.85 | | | | | | | | | |
| 30,117.37 | 33,240.00 | | | | (3,122.63) | | | (3,122.63) | 33,240.00 |
| 23,315,913.32 | 23,300,334.00 | - | - | - | (2,188,876.40) | - | - | (2,188,876.40) | 23,300,334.00 |
| 32,074.28 | | | | | | | | | |
| 307,166.40 | 339,014.00 | | | | (31,847.60) | | | (31,847.60) | 339,014.00 |
| 42,282.00 | | | | | | | | | |
| | 41,586.00 | | | | (41,586.00) | | | | 41,586.00 |
| 381,522.68 | 380,600.00 | - | - | - | (73,433.60) | - | - | (31,847.60) | 380,600.00 |
| 404,521.00 | 409,466.00 | | | | (409,466.00) | | | | 409,466.00 |
| 404,521.00 | 409,466.00 | - | - | - | (409,466.00) | - | - | - | 409,466.00 |
| 42,860.00 | 3,224.00 | | | | (3,224.00) | | | | 3,224.00 |
| 42,860.00 | 3,224.00 | - | - | - | (3,224.00) | - | - | - | 3,224.00 |
| 92,909.24 | 1,754,267.94 | | | | (89,116.87) | | | | 1,754,267.94 |
| 1,665,151.07 | 1,754,267.94 | - | - | - | (89,116.87) | - | - | - | 1,754,267.94 |
| 1,758,060.31 | 1,754,267.94 | - | - | - | (89,116.87) | - | - | - | 1,754,267.94 |
| 25,902,877.31 | 25,847,891.94 | - | - | - | (2,764,116.87) | - | - | (2,220,724.00) | 25,847,891.94 |
| 52,470.00 | 52,062.15 | | \$ 0.15 | \$ 2,421.00 | | | \$ 408.00 | | 52,062.15 |
| 33,290.00 | 29,569.05 | | 0.05 | 2,886.00 | | | 3,721.00 | | 29,569.05 |
| 15,158.00 | 13,820.06 | | 0.06 | 1,014.00 | | | 1,338.00 | | 13,820.06 |
| 16,975.00 | 15,199.00 | | | | | | 1,776.00 | | 15,199.00 |
| 80,373.00 | 69,984.46 | | 0.46 | 33,077.00 | (8,447.00) | | 10,389.00 | | 69,984.46 |
| 25,082.00 | 16,492.20 | | 0.20 | 5,596.00 | | | 8,590.00 | | 16,492.20 |
| 33,416.00 | 31,487.50 | | (0.50) | 8,630.00 | | | 1,928.00 | | 31,487.50 |
| 70,544.00 | 40,290.26 | | (2.00) | 12,460.00 | | | 30,254.00 | | 40,290.26 |
| 327,308.00 | 277,351.68 | - | (1.32) | 66,084.00 | (8,447.00) | - | 58,404.00 | - | 268,904.68 |
| 10,230.00 | | | | | | \$ 27,233.00 | | | 75,067.00 |
| 92,070.00 | 81,588.45 | | | | (10,230.00) | 20,711.55 | | (10,230.00) | 81,588.45 |
| 102,300.00 | 81,588.45 | - | - | - | (10,230.00) | 47,944.55 | - | (10,230.00) | 156,655.45 |
| 429,608.00 | 358,940.13 | - | (1.32) | 66,084.00 | (18,677.00) | 47,944.55 | 58,404.00 | (10,230.00) | 425,560.13 |
| 619,520.00 | | | (507,573.00) | | | | | | |
| 624,523.00 | | | (502,288.00) | | | | | | |
| | 19,189.00 | | 153,773.00 | | (139,227.00) | 273,811.00 | | | 19,189.00 |
| | 20,000.00 | | 174,241.00 | | (157,759.00) | 312,000.00 | | | 20,000.00 |
| | 97,048.00 | | 174,241.00 | | (157,759.00) | 234,952.00 | | | 97,048.00 |
| 1,244,043.00 | 136,237.00 | - | (507,606.00) | - | (454,745.00) | 820,763.00 | - | - | 136,237.00 |
| 652,807.00 | 652,807.00 | - | - | - | - | - | - | - | 652,807.00 |
| 1,208.48 | | | | | | | | | |
| 16,826.74 | 17,648.33 | | | | (821.59) | | | | 17,648.33 |
| 18,035.22 | 17,648.33 | - | - | - | (821.59) | - | - | - | 17,648.33 |
| 28,247,370.53 | 27,013,524.40 | - | (507,607.32) | 66,084.00 | (3,238,360.46) | 868,707.55 | 58,404.00 | (2,230,954.00) | 27,080,144.40 |
| 2,308,632.00 | 2,308,632.00 | | | | | | | | 2,308,632.00 |
| 1,846,849.00 | 1,846,849.00 | | | | | | | | 1,846,849.00 |
| 91,998.00 | 91,998.00 | | | | | | | | 91,998.00 |
| 4,247,479.00 | 4,247,479.00 | - | - | - | - | - | - | - | 4,247,479.00 |
| \$ 32,494,849.53 | \$ 31,261,003.40 | - | \$ (507,607.32) | \$ 66,084.00 | \$ (3,238,360.46) | \$ 868,707.55 | \$ 58,404.00 | \$ (2,230,954.00) | \$ 31,327,623.40 |

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2016

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Township of Galloway School District (hereafter referred to as the "School District"). The School District is defined in note 1 to the School District's basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance. Because these schedules present only a selected portion of the operations of the School District, it is not intended to and does not present the financial position and changes in operations of the School District.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting, with the following exceptions: programs recorded in the capital projects fund are presented on the modified accrual basis of accounting and programs recorded in the enterprise fund are presented using the accrual basis of accounting. These bases of accounting are described in note 1 to the School District's basic financial statements. Such expenditures are recognized following, as applicable, the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, payments are not recognized until the subsequent budget year due to the State deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2. The capital projects fund is presented in the accompanying schedules on the modified accrual basis of accounting.

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

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$15,806.00 for the general fund and (\$16,963.56) for the special revenue fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

| <u>Fund</u> | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|---------------------------------------|------------------------|-------------------------|-------------------------|
| General | \$ 232,560.78 | \$ 30,111,176.94 | \$ 30,343,737.72 |
| Special Revenue | 2,473,585.18 | 358,940.13 | 2,832,525.31 |
| Capital Projects | | 136,237.00 | 136,237.00 |
| Debt Service | | 652,807.00 | 652,807.00 |
| Food Service | 1,162,774.36 | 17,648.33 | 1,180,422.69 |
| | <u>1,162,774.36</u> | <u>17,648.33</u> | <u>1,180,422.69</u> |
| Total Awards and Financial Assistance | <u>\$ 3,868,920.32</u> | <u>\$ 31,276,809.40</u> | <u>\$ 35,145,729.72</u> |

Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 5: ADJUSTMENTS

Amounts reported in the column entitled "adjustments" in the Schedule of Expenditures of Federal Awards represent minor rounding differences and the cancellation of a grant balances. The amounts reported in the column entitled "adjustments" in the Schedule of Expenditures of State Financial Assistance represent minor rounding differences, capital project cancellations and the required match on capital projects.

Note 6: REIMBURSED AND ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2016, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the federal food distribution program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal pension costs, non-contributory insurance and post-retirement medical costs related to TPAF members.

Note 7: MAJOR PROGRAMS

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

**GALLOWAY TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016**

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified? ___ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? ___ yes X no

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|------------------------------|---|
| 84.027 | I.D.E.A. Part B Cluster - Basic |
| 84.173 | I.D.E.A. Part B Cluster - Preschool |
| 84.419B | Preschool Development Grant |
| 10.553 | Child Nutrition Cluster - School Breakfast Program |
| 10.555 | Child Nutrition Cluster - Food Distribution Program |
| 10.555 | Child Nutrition Cluster - After School Snack Program |
| 10.555 | Child Nutrition Cluster - National School Lunch Program |
| 10.559 | Child Nutrition Cluster - Summer Food Service Program |

Dollar threshold used to determine Type A programs \$ 750,000.00

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

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 2- Schedule of Financial Statement Findings

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

None.

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

None.

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by State of New Jersey Circular 15-08-OMB.

None.

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

This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE PROGRAMS

None.

