

**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, 2017**

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
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## INTRODUCTORY SECTION



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

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

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

Joy N. Nixon, CPA  
School Business Administrator

November 14, 2017

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, 2017, 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 2016-17 fiscal year with an enrollment of 3318 students (including 19 students attending Charter Schools and 21 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>
2016-17	3,318	0.58%
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%

**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 for several years resulted in an enrollment decrease. The past two years, enrollment has leveled with a slight increase. While this economic downturn is expected to stabilize, Galloway Township does not expect to experience growth issues in the near future.

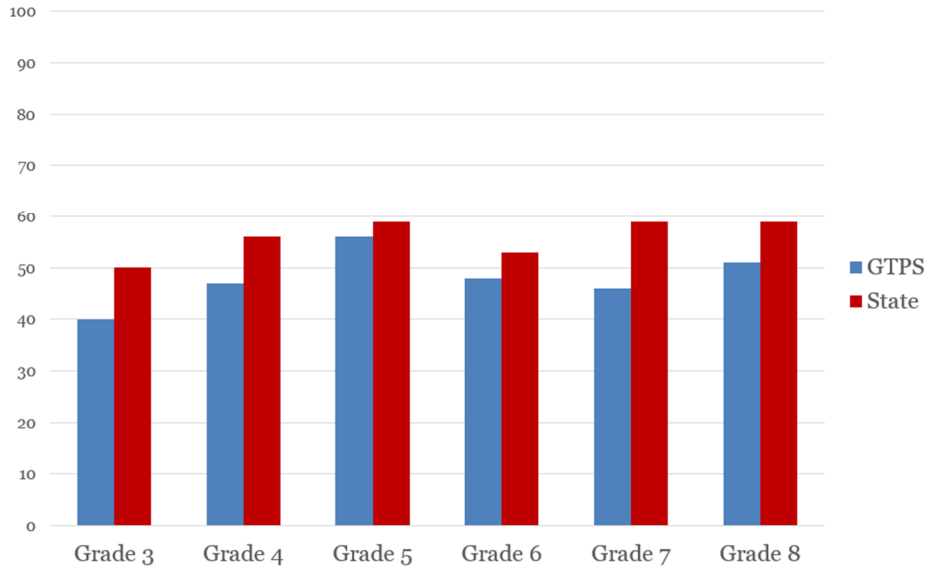
**3) MAJOR INITIATIVES:**

During the 2016-2017 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.

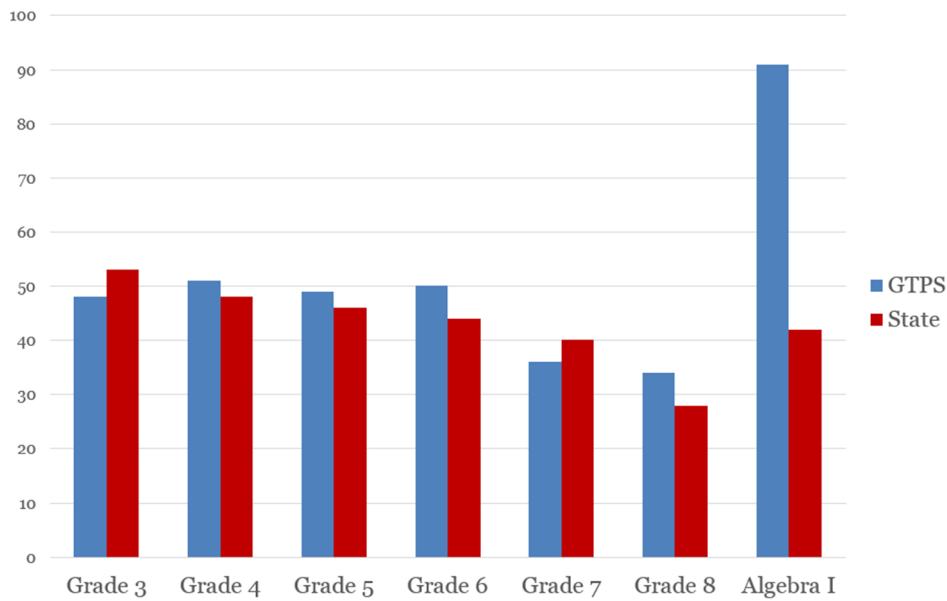


### 3) MAJOR INITIATIVES (CONT'D):

## PARCC ELA Passing % GTPS



## PARCC Math Passing %



### **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.
- Provided ongoing staff development including content-based, pedagogical, DOE mandated, cultural proficiency, brain-based strategies 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, 2017.

**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.

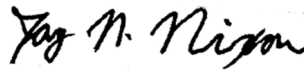
**10) ACKNOWLEDGMENTS:**

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,

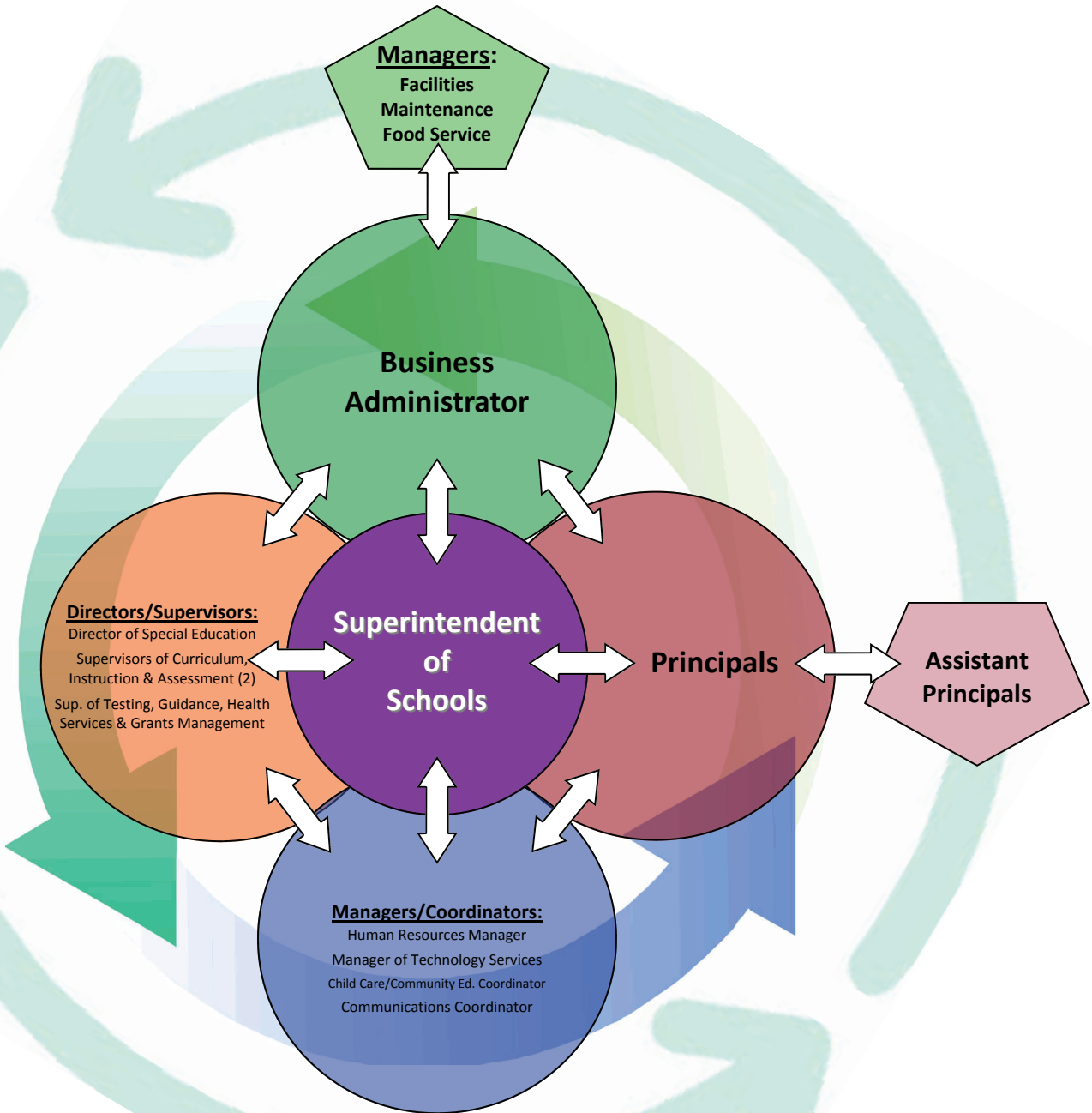


Annette C. Giaquinto, Ed.D  
Superintendent of Schools



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, 2017**

**SCHOOL BOARD MEMBERS**

**TERM EXPIRES**

Ernest D. Huggard, President	2017
Suzette M. Cordero, Vice-President	2019
Madeline Avery	2018
Richard Dase	2018
James Gentile	2019
Michael Greb	2017
Thomas Hand	2018
Rosemary Goldberg	2019
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	David Ragazzi, Ed.D.

**MIDDLE SCHOOL**

Galloway Township Middle School	Paula Junker
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**GALLOWAY TOWNSHIP BOARD OF EDUCATION  
CONSULTANTS AND ADVISORS**

**Audit Firm**

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

**Attorney**

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

**Architect**

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

**Official Depository**

**Ocean First Bank  
320 E. Jimmie Leeds Road  
Galloway, NJ 08205**

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, 2017, 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, 2017, 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 14, 2017 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 14, 2017

**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, 2017, 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 14, 2017.

**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 14, 2017

REQUIRED SUPPLEMENTARY INFORMATION  
PART I

**GALLOWAY TOWNSHIP SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited)

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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 years ended June 30, 2017 and 2016. 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 2017:

- The assets of the Galloway Township School District exceeded its liabilities at the close of the most recent fiscal year by \$20,771,973 (net position).
- The School District's total net position decreased by \$2,269,746. This decrease is primarily attributable to the Galloway Township School District's increase in certain long-term liabilities.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$12,808,025, an increase of \$394,182 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 \$679,985, which is a decrease of \$11,223 in comparison with the prior year.
- The Galloway Township School District's bonded debt decreased by \$169,000.

**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, 2017  
(Unaudited) (Cont'd)

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**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, 2017  
(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 2017 and 2016.

**TABLE 1**  
Net Position

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Change</u>	<u>% Change</u>
<b>Assets:</b>				
Current and Other Assets	\$ 14,153,266	\$ 13,339,787	\$ 813,479	6.10%
Capital Assets, net	<u>29,749,875</u>	<u>30,982,373</u>	<u>(1,232,498)</u>	<u>-3.98%</u>
Total Assets	<u>43,903,141</u>	<u>44,322,161</u>	<u>(419,020)</u>	<u>-0.95%</u>
Deferred Outflows of Resources - Related to Pensions	<u>8,678,657</u>	<u>4,326,008</u>	<u>4,352,649</u>	<u>100.62%</u>
<b>Liabilities:</b>				
Long-Term Liabilities	30,042,592	23,620,941	6,421,651	27.19%
Other Liabilities	<u>1,307,916</u>	<u>1,082,787</u>	<u>225,129</u>	<u>20.79%</u>
Total Liabilities	<u>31,350,508</u>	<u>24,703,728</u>	<u>6,646,780</u>	<u>26.91%</u>
Deferred Inflow of Resources - Related to Pensions	<u>459,317</u>	<u>902,722</u>	<u>(443,405)</u>	<u>-49.12%</u>
<b>Net Position:</b>				
Net Investment in Capital Assets	28,300,151	29,558,158	(1,258,007)	-4.26%
Restricted	12,689,907	12,780,439	(90,532)	-0.71%
Unrestricted (Deficit)	<u>(20,218,085)</u>	<u>(19,296,878)</u>	<u>(921,207)</u>	<u>4.77%</u>
Total Net Position	<u>\$ 20,771,973</u>	<u>\$ 23,041,719</u>	<u>\$ (2,269,746)</u>	<u>-9.85%</u>

Table 2 provides an illustration of the impact that GASBS 68 and 71 had to the School District's Net Position.

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

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Change</u>	<u>% Change</u>
Deferred Outflows Related to Pensions	\$ 8,678,657	\$ 4,326,008	\$ 4,352,649	100.62%
Less: Net Pension Liability	(26,446,984)	(19,898,706)	(6,548,278)	-32.91%
Less: Deferred Inflows Related to Pensions	<u>(459,317)</u>	<u>(902,722)</u>	<u>443,405</u>	<u>49.12%</u>
	<u>\$ (18,227,644)</u>	<u>\$ (16,475,420)</u>	<u>\$ (1,752,224)</u>	<u>-10.64%</u>

**GALLOWAY TOWNSHIP SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited) (Cont'd)

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

Table 3 reflects changes in net position for fiscal years 2017 and 2016.

**TABLE 3**  
Change in Net Position

<b>Revenues:</b>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Change</u>	<u>% Change</u>
Program Revenues:				
Charges for Services	\$ 1,364,505	\$ 1,219,522	\$ 144,983	11.89%
Operating Grants and Contributions	23,165,067	10,089,296	13,075,771	129.60%
General Revenues:				
Property Taxes	31,447,108	31,466,411	(19,303)	-0.06%
Grants and Contributions	24,790,739	25,975,818	(1,185,079)	-4.56%
Other	255,421	298,081	(42,660)	-14.31%
<b>Total Revenues</b>	<u>81,022,840</u>	<u>69,049,128</u>	<u>11,973,712</u>	<u>17.34%</u>
<b>Expenses:</b>				
Instruction:				
Regular	16,933,499	16,118,410	815,089	5.06%
Special Education	9,072,417	8,821,719	250,698	2.84%
Other Special Instruction	1,598,612	1,511,247	87,365	5.78%
Other Instruction	91,166	92,186	(1,020)	-1.11%
Tuition	2,478,284	1,872,064	606,220	32.38%
Student Services:				
Student and Instruction Related	6,308,933	6,170,609	138,324	2.24%
School Administrative Services	1,975,011	1,888,409	86,602	4.59%
Other Administrative Services	1,558,351	1,660,479	(102,128)	-6.15%
Plant Operations and Maintenance	4,806,520	4,196,660	609,860	14.53%
Pupil Transportation	3,820,699	3,631,094	189,605	5.22%
Unallocated Benefits	27,978,164	13,033,888	14,944,276	114.66%
Reimbursed TPAF Pension and Social Security	4,161,312	6,001,747	(1,840,435)	-30.66%
Transfer to Charter Schools	320,584	46,631	273,953	587.49%
Interest on Long-Term Debt	57,817	111,866	(54,049)	-48.32%
Unallocated Depreciation	4,443	4,443	0.00%	0.00%
Food Service	1,823,089	1,719,419	103,670	6.03%
Childcare Program	251,193	204,893	46,300	22.60%
Gifted and Talented Consortium	30,070	31,768	(1,698)	-5.35%
Community Education	22,422	22,260	162	0.73%
<b>Total Expenses</b>	<u>83,292,586</u>	<u>67,139,792</u>	<u>16,152,794</u>	<u>24.06%</u>
Income (Loss) before Extraordinary Items	(2,269,746)	1,909,336	(4,179,082)	-218.88%
Extraordinary Items:				
Proceeds from Insurance Recovery	-	55,689	(55,689)	-100.00%
Increase (Decrease) in Net Position	(2,269,746)	1,965,026	(4,234,771)	-215.51%
Beginning Net Position	<u>23,041,719</u>	<u>21,076,693</u>	<u>1,965,026</u>	<u>9.32%</u>
Ending Net Position	<u>\$ 20,771,973</u>	<u>\$ 23,041,719</u>	<u>\$ (2,269,745)</u>	<u>-9.85%</u>

**GALLOWAY TOWNSHIP SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited) (Cont'd)

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

**Governmental Activities**

In 2016-2017, Governmental Activities Revenues were \$78,613,368 or 97.03% of total revenues.

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

In 2016-2017, General Revenues - Property Taxes of \$31,447,108 made up 38.81%, and General Revenues – Grants and Contributions not Restricted to Specific Programs of \$24,790,739 made up 30.60% of total revenues.

In 2015-2016, General Revenues - Property Taxes of \$31,466,411 made up 38.84%, and General Revenues – Grants and Contributions not Restricted to Specific Programs of \$25,975,818 made up 37.62% of total revenues.

In 2016-2017, the School District's Governmental Activities expenditures increased by \$16,004,360 or 24.56%.

**Business-Type Activities**

In 2016-2017 Business-Type Activities Revenues were \$2,409,472 or 2.97% of total revenues. In 2015-2016 Business-Type Activities Revenues were \$2,110,749 or 3.06% of total revenues.

Charges for Services for Business-Type Activities were \$964,520 in 2016-2017 compared to \$930,993 in 2015-2016, a 3.60% increase.

Expenses for Business-Type Activities were \$2,126,774 in 2016-2017 compared to \$1,978,339 in 2015-2016, a 7.50% increase.

**General Fund Budgeting Highlights**

The final budgetary basis revenue estimate was \$55,771,422, which was equal to the original budget.

The 2016-2017 General Fund Tax Levy was \$31,447,108, an increase of \$840,538 or 2.75% from the 2015-2016 General Fund Tax Levy of \$30,606,570.

During fiscal year 2017, the School District budgeted \$31,447,108 for property taxes (local tax levy) and \$23,956,598 for state aid revenues.

The School District also received \$1,873,196 and \$5,030,667 reimbursed T.P.A.F. Social Security Aid and On-behalf T.P.A.F. Medical, Non-Contributory Insurance, Long-term Disability 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, Long-term Disability Insurance and Pension Contributions of \$1,873,196 and \$5,030,667, respectively, which contributes to an unfavorable expenditure variance for the fiscal year.

The final budgetary basis expenditure appropriation estimate was \$60,378,535, which was \$746,361 more than the original budget.

**GALLOWAY TOWNSHIP SCHOOL DISTRICT**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2017  
 (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 \$12,808,025, an increase of \$394,182 in comparison with the prior year.

Of the combined ending fund balances of \$12,808,025, \$679,985 constitutes unassigned fund balance deficits. The remainder of fund balance of \$13,488,010 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 \$775,300 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, 2017 amounts to \$29,749,875 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, 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 3.98%. 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, 2017</u>	<u>June 30, 2016</u>
Land	\$ 3,471,769	\$ 3,471,769
Construction in Progress	382,721	39,189
Land Improvements	304,386	332,033
Building and Improvements	24,985,256	26,739,294
Furniture, Fixtures and Equipment	<u>605,743</u>	<u>400,088</u>
 Total Capital Assets	 <u>\$ 29,749,875</u>	 <u>\$ 30,982,373</u>

Depreciation expense was \$2,141,163 for fiscal year ended 2017 and \$1,890,985 for fiscal year ended 2016.

**DEBT ADMINISTRATION**

**Long-term Debt** - At the end of the current fiscal year, the Galloway Township School District had total bonded debt outstanding of \$1,183,000. The entire Galloway Township School District's bonded debt is governmental as opposed to business-type. The 2018 adopted budget has an appropriation of \$169,000 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, 2017  
(Unaudited) (Cont'd)

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**FACTORS ON THE DISTRICT'S FUTURE**

For the 2016-2017 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. 38.81% of total revenue is from local tax levy and 59.19% 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, 2017

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 11,600,852.64	\$ 933,943.52	\$ 12,534,796.16
Receivables, net	1,422,625.30	85,133.78	1,507,759.08
Restricted Cash and Cash Equivalents	86,822.67		86,822.67
Inventory (Note 5)		23,887.68	23,887.68
Capital Assets, net (Note 6)	29,591,840.55	158,034.86	29,749,875.41
<b>Total Assets</b>	<b>42,702,141.16</b>	<b>1,200,999.84</b>	<b>43,903,141.00</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to Pensions (Note 9)	8,678,657.00	-	8,678,657.00
<b>LIABILITIES:</b>			
<b>Accounts Payable:</b>			
Related to Pensions	880,015.00		880,015.00
Other	332,330.43		332,330.43
Internal Balances	(82,699.46)	82,699.46	
Payable to Other Governments	42,074.00		42,074.00
Accrued Interest	26,045.49		26,045.49
Unearned Revenue	10,570.64	16,880.98	27,451.62
<b>Noncurrent Liabilities (Note 7):</b>			
Due within One Year	638,889.67	34,872.26	673,761.93
Due beyond One Year	29,235,617.48	133,212.50	29,368,829.98
<b>Total Liabilities</b>	<b>31,082,843.25</b>	<b>267,665.20</b>	<b>31,350,508.45</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to Pensions	459,317.00	-	459,317.00
<b>NET POSITION:</b>			
Net Investment in Capital Assets	28,142,115.88	158,034.86	28,300,150.74
<b>Restricted for:</b>			
Debt Service	45,761.93		45,761.93
Capital Projects	4,693,007.03		4,693,007.03
Special Revenue	10,481.55		10,481.55
Other Purposes	7,940,656.42		7,940,656.42
Unrestricted (Deficit)	(20,993,384.90)	775,299.78	(20,218,085.12)
<b>Total Net Position</b>	<b>\$ 19,838,637.91</b>	<b>\$ 933,334.64</b>	<b>\$ 20,771,972.55</b>

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, 2017

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
<b>Governmental Activities:</b>							
<b>Instruction:</b>							
Regular	\$ 16,933,499.34	\$ 260,446.08			\$ (16,673,053.26)		\$ (16,673,053.26)
Special Education	9,072,417.06	139,538.52	\$ 1,636,817.10		(7,296,061.44)		(7,296,061.44)
Other Special Instruction	1,598,612.04				(1,598,612.04)		(1,598,612.04)
Other Instruction	91,165.84				(91,165.84)		(91,165.84)
Tuition	2,478,283.73		500,000.00		(1,978,283.73)		(1,978,283.73)
<b>Support Services:</b>							
Student and Instruction Related Services	6,308,933.43		682,167.17		(5,626,766.26)		(5,626,766.26)
School Administrative Services	1,975,011.39				(1,975,011.39)		(1,975,011.39)
Other Administrative Services	1,558,350.71				(1,558,350.71)		(1,558,350.71)
Plant Operations and Maintenance	4,806,520.07				(4,806,520.07)		(4,806,520.07)
Pupil Transportation	3,820,698.93				(3,820,698.93)		(3,820,698.93)
Unallocated Benefits	27,978,164.49		14,716,272.48		(13,261,892.01)		(13,261,892.01)
Reimbursed TPAF and Social Security	4,161,311.54		4,161,311.54				
Transfer to Charter School	320,584.00				(320,584.00)		(320,584.00)
Interest on Long-Term Debt	57,816.64		25,067.33		(32,749.31)		(32,749.31)
Unallocated Depreciation	4,442.53				(4,442.53)		(4,442.53)
<b>Total Governmental Activities</b>	<b>81,165,811.74</b>	<b>399,984.60</b>	<b>21,721,635.62</b>	<b>-</b>	<b>(59,044,191.52)</b>	<b>-</b>	<b>(59,044,191.52)</b>
<b>Business-Type Activities:</b>							
Food Service	1,823,089.03	518,226.81	1,443,431.82			\$ 138,569.60	138,569.60
Childcare Program	251,193.01	394,271.15				143,078.14	143,078.14
Gifted and Talented Consortium	30,069.93	29,026.35				(1,043.58)	(1,043.58)
Community Education	22,421.78	22,995.94				574.16	574.16
<b>Total Business-Type Activities</b>	<b>2,126,773.75</b>	<b>964,520.25</b>	<b>1,443,431.82</b>	<b>-</b>	<b>-</b>	<b>281,178.32</b>	<b>281,178.32</b>
<b>Total Government</b>	<b>\$ 83,292,585.49</b>	<b>\$ 1,364,504.85</b>	<b>\$ 23,165,067.44</b>	<b>-</b>	<b>(59,044,191.52)</b>	<b>281,178.32</b>	<b>(58,763,013.20)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property Taxes, Levied for General Purposes, net					31,447,108.00		31,447,108.00
Federal and State Aid not Restricted					24,659,967.09		24,659,967.09
Federal and State Aid Restricted					130,772.30		130,772.30
Miscellaneous Income					253,899.97	1,519.68	255,419.65
<b>Total General Revenues</b>					<b>56,491,747.36</b>	<b>1,519.68</b>	<b>56,493,267.04</b>
<b>Change in Net Position</b>					<b>(2,552,444.16)</b>	<b>282,698.00</b>	<b>(2,269,746.16)</b>
<b>Net Position -- July 1</b>					<b>22,391,082.07</b>	<b>650,636.64</b>	<b>23,041,718.71</b>
<b>Net Position -- June 30</b>					<b>\$ 19,838,637.91</b>	<b>\$ 933,334.64</b>	<b>\$ 20,771,972.55</b>

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

FUND FINANCIAL STATEMENTS

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Governmental Funds  
 Balance Sheet  
 June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 11,600,852.64		\$ 22,486.00	\$ 64,336.67	\$ 11,687,675.31
Receivables, net:					
Interfunds Receivable:					
Food Service Fund	77,366.30				77,366.30
Child Care	5,093.63				5,093.63
Community Education Fund	250.00				250.00
Special Revenue Fund	228,738.34				228,738.34
Receivables from Other Governments:					
State of NJ -- FICA	92,986.13				92,986.13
State of NJ -- Extraordinary Aid	610,925.00				610,925.00
State of NJ -- Non-Public Transportation	41,064.00				41,064.00
State of NJ -- Homeless Aid	60,466.00				60,466.00
State of NJ -- Lead Water Testing for Schools Aid	13,715.00				13,715.00
State of NJ -- Non-Public Home Instruction		\$ 1,754.00			1,754.00
State of NJ -- EFCFA Grants			54,707.00		54,707.00
Federal Grants		332,900.72			332,900.72
Other Receivables	214,107.45				214,107.45
<b>Total Assets</b>	<b>\$ 12,945,564.49</b>	<b>\$ 334,654.72</b>	<b>\$ 77,193.00</b>	<b>\$ 64,336.67</b>	<b>\$ 13,421,748.88</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 289,540.24	\$ 42,790.19			\$ 332,330.43
Interfunds Payable:					
Gifted and Talented Consortium	10.47				10.47
General Fund		228,738.34			228,738.34
Payable to State Government		42,074.00			42,074.00
Unearned Revenue		10,570.64			10,570.64
<b>Total Liabilities</b>	<b>289,550.71</b>	<b>324,173.17</b>	<b>-</b>	<b>-</b>	<b>613,723.88</b>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Capital Reserve Account	4,615,814.03				4,615,814.03
Maintenance Reserve	2,951,131.00				2,951,131.00
Emergency Reserve	316,107.38				316,107.38
Excess Surplus	2,476,544.04				2,476,544.04
Excess Surplus -- Designated for Subsequent Year's Expenditures	2,196,874.00				2,196,874.00
Capital Projects - Designated for Subsequent Year's Expenditures			\$ 77,193.00		77,193.00
Special Revenue		10,481.55			10,481.55
Debt Service -- Designated for Subsequent Year's Expenditures				\$ 64,336.67	64,336.67
<b>Assigned:</b>					
Other Purposes	402,703.65				402,703.65
Subsequent Year's Expenditures	338,800.84				338,800.84
SEMI Cost Settlement 7/1/13 - 6/30/14 -- Designated for Subsequent Year's Expenditures	38,024.16				38,024.16
Unassigned (Deficit)	(679,985.32)				(679,985.32)
<b>Total Fund Balances</b>	<b>12,656,013.78</b>	<b>10,481.55</b>	<b>77,193.00</b>	<b>64,336.67</b>	<b>12,808,025.00</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 12,945,564.49</b>	<b>\$ 334,654.72</b>	<b>\$ 77,193.00</b>	<b>\$ 64,336.67</b>	

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 \$63,275,006.79 and the accumulated depreciation is \$33,683,166.24.	29,591,840.55
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.	(29,874,507.15)
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.	(26,045.49)
Accounts Payable related to the April 1, 2018 Required PERS pension contribution that is not to be liquidated with current financial resources.	(880,015.00)
Deferred Outflows of Resources - Related to Pensions	8,678,657.00
Deferred Inflows of Resources - Related to Pensions	(459,317.00)

Net position of governmental activities \$ 19,838,637.91

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

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Fiscal Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local Tax Levy	\$ 31,447,108.00				\$ 31,447,108.00
Tuition Charges	399,984.60				399,984.60
Miscellaneous	253,899.97	\$ 17,755.63			271,655.60
State Sources	31,357,209.54	419,743.29	\$ 54,707.00	\$ 91,034.00	31,922,693.83
Federal Sources	206,620.09	2,794,400.46			3,001,020.55
<b>Total Revenues</b>	<b>63,664,822.20</b>	<b>3,231,899.38</b>	<b>54,707.00</b>	<b>91,034.00</b>	<b>67,042,462.58</b>
<b>EXPENDITURES:</b>					
Regular Instruction	15,826,528.93				15,826,528.93
Special Education Instruction	6,842,521.29	1,636,817.10			8,479,338.39
Other Special Instruction	1,598,612.04				1,598,612.04
Other Instruction	91,165.84				91,165.84
Tuition	1,978,283.73	500,000.00			2,478,283.73
Support Services and Undistributed Costs:					
Student and Instruction Related Services	5,618,943.01	682,167.17			6,301,110.18
School Administrative Services	1,906,768.87				1,906,768.87
Other Administrative Services	1,631,612.82				1,631,612.82
Plant Operations and Maintenance	4,649,835.55				4,649,835.55
Pupil Transportation	3,820,698.93				3,820,698.93
Unallocated Benefits	11,422,948.01	402,816.48			11,825,764.49
Reimbursed TPAF Pension and Social Security	6,903,862.54				6,903,862.54
Transfer to Charter School	320,584.00				320,584.00
Debt Service:					
Principal				169,000.00	169,000.00
Interest and Other Charges				64,220.00	64,220.00
Capital Outlay	479,242.97	37,331.63	\$ 343,532.00		860,106.60
<b>Total Expenditures</b>	<b>63,091,608.53</b>	<b>3,259,132.38</b>	<b>343,532.00</b>	<b>233,220.00</b>	<b>66,927,492.91</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>573,213.67</b>	<b>(27,233.00)</b>	<b>(288,825.00)</b>	<b>(142,186.00)</b>	<b>114,969.67</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfer from Capital Projects Fund			(37,521.68)	37,521.68	
Assets Acquired under Capital Lease	279,212.16				279,212.16
<b>Total Other Financing Sources and Uses</b>	<b>279,212.16</b>	<b>-</b>	<b>(37,521.68)</b>	<b>37,521.68</b>	<b>279,212.16</b>
<b>Net Change in Fund Balances</b>	<b>852,425.83</b>	<b>(27,233.00)</b>	<b>(326,346.68)</b>	<b>(104,664.32)</b>	<b>394,181.83</b>
<b>Fund Balance (Deficit)-- July 1</b>	<b>11,803,587.95</b>	<b>37,714.55</b>	<b>403,539.68</b>	<b>169,000.99</b>	<b>12,413,843.17</b>
<b>Fund Balance (Deficit) -- June 30</b>	<b>\$ 12,656,013.78</b>	<b>\$ 10,481.55</b>	<b>\$ 77,193.00</b>	<b>\$ 64,336.67</b>	<b>\$ 12,808,025.00</b>

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, 2017

Total Net Change in Fund Balances - Governmental Funds	\$	394,181.83
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation Expense	\$	(2,123,151.97)
New Capital Leases		(279,212.16)
Capital Outlays		<u>860,106.60</u>
		(1,542,257.53)
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.		169,000.00
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.		81,131.20
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 a reduction in the reconciliation. (-)		(3,877.16)
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 Bond Premiums		3,571.43
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 (+).		184,750.07
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>(1,838,944.00)</u>
Change in Net Position of Governmental Activities	\$	<u>(2,552,444.16)</u>

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

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Proprietary Funds  
 Business Type Activities - Enterprise Funds  
 Combining Statement of Net Position  
 June 30, 2017

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Gifted and Talented Consortium</u>	<u>Community Education</u>	<u>Total</u>
<b>ASSETS:</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 135,116.83	\$ 669,073.31	\$ 66,890.08	\$ 62,863.30	\$ 933,943.52
Accounts Receivable:					
Federal	76,820.86				76,820.86
State	1,125.04				1,125.04
Other	6,775.88	412.00			7,187.88
Interfund Accounts Receivable:					
Due General Fund			10.47		10.47
Inventories	23,887.68				23,887.68
<b>Total Current Assets</b>	<u>243,726.29</u>	<u>669,485.31</u>	<u>66,900.55</u>	<u>62,863.30</u>	<u>1,042,975.45</u>
<b>Noncurrent Assets:</b>					
<b>Capital Assets:</b>					
Furniture, Fixtures and Equipment	690,994.70				690,994.70
Less Accumulated Depreciation	(532,959.84)				(532,959.84)
<b>Total Noncurrent Assets</b>	<u>158,034.86</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,034.86</u>
<b>Total Assets</b>	<u>401,761.15</u>	<u>669,485.31</u>	<u>66,900.55</u>	<u>62,863.30</u>	<u>1,201,010.31</u>
<b>LIABILITIES:</b>					
<b>Current Liabilities:</b>					
Interfund Accounts Payable:					
Due General Fund	77,366.30	5,093.63		250.00	82,709.93
Compensated Absences	26,048.40				26,048.40
Capital Lease Payable	8,823.86				8,823.86
Unearned Revenue	16,880.98				16,880.98
<b>Total Current Liabilities</b>	<u>129,119.54</u>	<u>5,093.63</u>	<u>-</u>	<u>250.00</u>	<u>134,463.17</u>
<b>Noncurrent Liabilities:</b>					
Compensated Absences	104,193.62				104,193.62
Capital Lease Payable	29,018.88				29,018.88
<b>Total Noncurrent Liabilities</b>	<u>133,212.50</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,212.50</u>
<b>Total Liabilities</b>	<u>262,332.04</u>	<u>5,093.63</u>	<u>-</u>	<u>250.00</u>	<u>267,675.67</u>
<b>NET POSITION:</b>					
Net Investment in Capital Assets	158,034.86				158,034.86
Unrestricted (Deficit)	(18,605.75)	664,391.68	66,900.55	62,613.30	775,299.78
<b>Total Net Position</b>	<u>\$ 139,429.11</u>	<u>\$ 664,391.68</u>	<u>\$ 66,900.55</u>	<u>\$ 62,613.30</u>	<u>\$ 933,334.64</u>

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

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
Proprietary Funds  
Business Type Activities - Enterprise Funds  
Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Fiscal Year Ended June 30, 2017

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Gifted and Talented Consortium</u>	<u>Community Education</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>					
Charges for Services:					
Daily Sales - Reimbursable Programs:					
School Lunch Program	\$ 300,924.86				\$ 300,924.86
School Breakfast Program	27,213.40				27,213.40
Daily Sales - Non-Reimbursable Programs	176,672.66				176,672.66
Special Functions	13,415.89				13,415.89
Community Service Activities		\$ 394,271.15	\$ 29,026.35	\$ 22,995.94	446,293.44
<b>Total Operating Revenues</b>	<b>518,226.81</b>	<b>394,271.15</b>	<b>29,026.35</b>	<b>22,995.94</b>	<b>964,520.25</b>
<b>OPERATING EXPENSES:</b>					
Salaries	795,620.43	201,737.96	26,518.00	16,861.53	1,040,737.92
Employee Benefits	261,212.95	20,559.70	2,028.63	1,289.91	285,091.19
Purchased Property Services	31,878.93				31,878.93
General Supplies	63,375.93	8,367.52	1,523.30	3,151.59	76,418.34
Depreciation	18,011.45				18,011.45
Cost of Sales - Reimbursable Programs	588,173.54				588,173.54
Cost of Sales - Non-Reimbursable Programs	63,110.72				63,110.72
Miscellaneous	1,705.08	20,527.83		1,118.75	23,351.66
<b>Total Operating Expenses</b>	<b>1,823,089.03</b>	<b>251,193.01</b>	<b>30,069.93</b>	<b>22,421.78</b>	<b>2,126,773.75</b>
<b>Operating Income / (Loss)</b>	<b>(1,304,862.22)</b>	<b>143,078.14</b>	<b>(1,043.58)</b>	<b>574.16</b>	<b>(1,162,253.50)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
State Sources:					
State School Lunch Program	19,528.12				19,528.12
Federal Sources:					
National School Lunch Program	966,546.78				966,546.78
National School Breakfast Program	309,860.42				309,860.42
After School Snack Program	21,421.74				21,421.74
Summer Food Service Program for Children	11,131.65				11,131.65
Food Distribution Program	82,943.11				82,943.11
Local Sources:					
Administrative Fee	32,000.00				32,000.00
Interest Revenue	459.51	884.92	106.20	69.05	1,519.68
<b>Total Nonoperating Revenues (Expenses)</b>	<b>1,443,891.33</b>	<b>884.92</b>	<b>106.20</b>	<b>69.05</b>	<b>1,444,951.50</b>
<b>Change in Net Position</b>	<b>139,029.11</b>	<b>143,963.06</b>	<b>(937.38)</b>	<b>643.21</b>	<b>282,698.00</b>
<b>Net Position -- July 1</b>	<b>400.00</b>	<b>520,428.62</b>	<b>67,837.93</b>	<b>61,970.09</b>	<b>650,636.64</b>
<b>Net Position -- June 30</b>	<b>\$ 139,429.11</b>	<b>\$ 664,391.68</b>	<b>\$ 66,900.55</b>	<b>\$ 62,613.30</b>	<b>\$ 933,334.64</b>

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

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Proprietary Funds  
 Business Type Activities - Enterprise Funds  
 Combining Statement of Cash Flows  
 For the Fiscal Year Ended June 30, 2017

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Gifted and Talented Consortium</u>	<u>Community Education</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from Customers	\$ 520,225.30	\$ 394,437.15	\$ 29,026.35	\$ 22,995.94	\$ 966,684.74
Payments to Employees	(800,849.45)	(201,737.96)	(26,518.00)	(16,861.53)	(1,045,966.94)
Payments for Employee Benefits	(261,212.95)	(20,559.70)	(2,028.63)	(1,289.91)	(285,091.19)
Payments to Suppliers	(747,228.97)	(28,895.35)	(1,523.30)	(4,270.34)	(781,917.96)
<b>Net Cash Provided by (used for) Operating Activities</b>	<u>(1,289,066.07)</u>	<u>143,244.14</u>	<u>(1,043.58)</u>	<u>574.16</u>	<u>(1,146,291.35)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>					
State Sources	19,224.67				19,224.67
Federal Sources	1,368,055.53				1,368,055.53
Local Sources	86,189.14				86,189.14
Operating Subsidies and Transfers to Other Funds	(180,172.58)	48.67	(273.07)	250.00	(180,146.98)
<b>Net Cash Provided by (used for) Non-Capital Financing Activities</b>	<u>1,293,296.76</u>	<u>48.67</u>	<u>(273.07)</u>	<u>250.00</u>	<u>1,293,322.36</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Payment of Capital Lease	(10,716.00)	-	-	-	(10,716.00)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest Revenue	459.51	884.92	106.20	69.05	1,519.68
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(6,025.80)	144,177.73	(1,210.45)	893.21	137,834.69
Cash and Cash Equivalents -- July 1	141,142.63	524,895.58	68,100.53	61,970.09	796,108.83
<b>Cash and Equivalents -- June 30</b>	<u>\$ 135,116.83</u>	<u>\$ 669,073.31</u>	<u>\$ 66,890.08</u>	<u>\$ 62,863.30</u>	<u>\$ 933,943.52</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	\$ (1,304,862.22)	\$ 143,078.14	\$ (1,043.58)	\$ 574.16	\$ (1,162,253.50)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:					
Depreciation and Net Amortization	18,011.45				18,011.45
(Increase) Decrease in Accounts Receivable, net	2,891.01	166.00			3,057.01
(Increase) Decrease in Inventories	1,015.23				1,015.23
Increase (Decrease) in Unearned Revenue	(892.52)				(892.52)
Increase (Decrease) in Accrued Salaries Benefits	(5,229.02)				(5,229.02)
<b>Total Adjustments</b>	<u>15,796.15</u>	<u>166.00</u>	<u>-</u>	<u>-</u>	<u>15,962.15</u>
<b>Net Cash Provided by (used for) Operating Activities</b>	<u>\$ (1,289,066.07)</u>	<u>\$ 143,244.14</u>	<u>\$ (1,043.58)</u>	<u>\$ 574.16</u>	<u>\$ (1,146,291.35)</u>

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



**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Fiduciary Funds  
 Combining Statement of Fiduciary Net Position  
 June 30, 2017

	Private Purpose Trust Fund	Agency Funds		
	Unemployment Compensation Trust	Student Activity	Payroll	Total
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 169,887.31	\$ 85,058.43	\$ 37,339.04	\$ 292,284.78
Interfund Accounts Receivable:				
Due Payroll Fund	<u>19,452.54</u>			<u>19,452.54</u>
<b>Total Assets</b>	<u>189,339.85</u>	<u>\$ 85,058.43</u>	<u>\$ 37,339.04</u>	<u>311,737.32</u>
<b>LIABILITIES:</b>				
Payable to Student Groups		\$ 85,058.43		85,058.43
Accounts Payable	7,731.23			7,731.23
Interfund Accounts Payable:				
Due Unemployment Trust Fund			\$ 19,452.54	19,452.54
Payroll Deductions and Withholdings			<u>17,886.50</u>	<u>17,886.50</u>
<b>Total Liabilities</b>	<u>7,731.23</u>	<u>\$ 85,058.43</u>	<u>\$ 37,339.04</u>	<u>130,128.70</u>
<b>NET POSITION:</b>				
Held in Trust for Unemployment Claims	<u>181,608.62</u>			<u>181,608.62</u>
<b>Total Net Position</b>	<u>\$ 181,608.62</u>			<u>\$ 181,608.62</u>

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

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
Fiduciary Fund  
Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended June 30, 2017

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	<u>Private Purpose Trust Fund</u> <u>Unemployment Compensation Trust</u>
ADDITIONS:	
Payroll Deductions Withheld	\$ 58,899.18
Investment Earnings:	
Interest	<u>233.14</u>
Total Additions	<u>59,132.32</u>
DEDUCTIONS:	
Unemployment Claims	<u>29,888.29</u>
Change in Net Position	29,244.03
Net Position -- July 1	<u>152,364.59</u>
Net Position -- June 30	<u><u>\$ 181,608.62</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, 2017

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

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

**Description of the 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, 2017 of 3,318.

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*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. 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 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:

**Enterprise Funds**

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

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

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

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

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 financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

**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:

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

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

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

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.

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

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

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

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting, as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows 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.



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

All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

**Inventories**

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

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

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

**Tuition Receivable**

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

**Prepaid Expenses**

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2017. The School District had no prepaid expenses for the fiscal year ended June 30, 2017.

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:

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

<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.

**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.

**Tuition Payable**

Tuition charges for the fiscal years ended June 30, 2017 and 2016 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, 2017, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

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

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

The School District uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. 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.

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

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

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

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

**Fund Balance**

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

**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.

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

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.

**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**

The School District implemented the following GASB Statements for the fiscal year ended June 30, 2017:

*Statement No. 77, Tax Abatement Disclosures.* This Statement provides financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs in order to better assess (a) whether current-year revenues were sufficient to pay for current-year services, (b) compliance with finance-related legal or contractual requirements, (c) where a government's financial resources come from and how it uses them, and (d) financial position and economic condition and how they have changed over time. The adoption of this Statement had no 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 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 and Adopted 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 adoption of this Statement did not have a significant 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, 2017, the School District's bank balances of \$14,781,288.58 were exposed to custodial credit risk as follows:

Insured by FDIC and GUDPA	\$ 14,781,288.58
Uninsured and uncollateralized	<u>-</u>
Total	<u>\$ 14,781,288.58</u>

**Note 3: CAPITAL RESERVE ACCOUNT**

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

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

**Note 3: CAPITAL RESERVE ACCOUNT (CONT'D)**

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016		\$ 4,263,904.00
Increased by:		
Transfer per June 26, 2017 Resolution	\$ 500,000.00	
Interest Earnings	<u>5,718.03</u>	
		<u>505,718.03</u>
		4,769,622.03
Decreased by:		
Withdrawals		<u>153,808.00</u>
Ending Balance, June 30, 2017		<u>\$ 4,615,814.03</u>

The June 30, 2017 LRFPP balance of local support costs of uncompleted projects at June 30, 2017 is \$4,783,727.89. The withdrawals from the capital reserve were for use in a Department of Education approved facilities projects, consistent with the School District's LRFPP.

**Note 4: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2017 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	Capital Projects Fund	Total Governmental Activities	Food Service Fund	Child Care Fund		Total Business-Type Activities
Federal Awards		\$ 332,900.72		\$ 332,900.72	\$ 76,820.86		\$ 76,820.86	\$ 409,721.58
State Awards	\$ 819,156.13	1,754.00	\$ 54,707.00	875,617.13	1,125.04		1,125.04	876,742.17
Other	214,107.45			214,107.45	6,775.88	\$ 412.00	7,187.88	221,295.33
	<u>\$ 1,033,263.58</u>	<u>\$ 334,654.72</u>	<u>\$ 54,707.00</u>	<u>\$ 1,422,625.30</u>	<u>\$ 84,721.78</u>	<u>\$ 412.00</u>	<u>\$ 85,133.78</u>	<u>\$ 1,507,759.08</u>

**Note 5: INVENTORY**

Inventory recorded at June 30, 2017 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	\$ 15,859.68
Supplies	<u>8,028.00</u>
	<u>\$ 23,887.68</u>

**Note 6: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2017 is as follows:

	<u>Balance July 01, 2016</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2017</u>
<b>Governmental Activities:</b>				
Capital Assets, not being Depreciated:				
Land	\$ 3,471,768.96			\$ 3,471,768.96
Construction in Progress	39,189.00	\$ 343,532.00		382,721.00
Total Capital Assets, not being Depreciated	<u>3,510,957.96</u>	<u>343,532.00</u>	<u>-</u>	<u>3,854,489.96</u>
Capital Assets, being Depreciated:				
Furniture, Fixtures and Equipment	1,465,490.74	339,766.60		1,805,257.34
Buildings and Improvements	56,956,049.50	176,808.00		57,132,857.50
Land Improvements	482,401.99			482,401.99
Total Capital Assets, being Depreciated	<u>58,903,942.23</u>	<u>516,574.60</u>	<u>-</u>	<u>59,420,516.83</u>
Total Capital Assets, Cost	<u>62,414,900.19</u>	<u>860,106.60</u>	<u>-</u>	<u>63,275,006.79</u>
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(1,192,890.47)	(164,659.00)		(1,357,549.47)
Buildings and Improvements	(30,216,755.07)	(1,930,846.00)		(32,147,601.07)
Land Improvements	(150,368.73)	(27,646.97)		(178,015.70)
Total Accumulated Depreciation	<u>(31,560,014.27)</u>	<u>(2,123,151.97)</u>	<u>-</u>	<u>(33,683,166.24)</u>
Total Capital Assets, being Depreciated, Net	<u>27,343,927.96</u>	<u>(1,606,577.37)</u>	<u>-</u>	<u>25,737,350.59</u>
Governmental Activities Capital Assets, Net	<u>\$30,854,885.92</u>	<u>\$ (1,263,045.37)</u>	<u>-</u>	<u>\$29,591,840.55</u>
	<u>Balance July 01, 2016</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2017</u>
<b>Business-Type Activities:</b>				
Capital Assets, being Depreciated:				
Furniture, Fixtures and Equipment	\$ 642,435.96	\$ 48,558.74		\$ 690,994.70
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(514,948.39)	(18,011.45)		(532,959.84)
Business-Type Activities Capital Assets, Net	<u>\$ 127,487.57</u>	<u>\$ 30,547.29</u>	<u>-</u>	<u>\$ 158,034.86</u>

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

<b>Governmental Activities:</b>	
Instruction	\$ 1,884,799.15
Support Service Instructional Staff	7,823.25
General and Business Administrative Services	1,160.00
School Administration	68,242.52
Plant Operations and Maintenance	156,684.52
Unallocated	4,442.53
Total Depreciation Expense - Governmental Activities	<u>\$ 2,123,151.97</u>



**Note 7: LONG-TERM LIABILITIES**

During the fiscal year ended June 30, 2017, the following changes occurred in long-term obligations for governmental activities:

<b>Governmental Activities:</b>	<b>Balance July 01, 2016</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2017</b>	<b>Due within One Year</b>
Bonds Payable:					
General Obligation Bonds	\$ 1,352,000.00		\$ (169,000.00)	\$ 1,183,000.00	\$ 169,000.00
Adjusted by:					
Bond Premiums	28,571.44		(3,571.43)	25,000.01	
<b>Total Bonds Payable</b>	<b>1,380,571.44</b>	<b>-</b>	<b>(172,571.43)</b>	<b>1,208,000.01</b>	<b>169,000.00</b>
Other Liabilities:					
Net Pension Liability	19,898,706.00	\$ 11,333,603.00	(4,785,325.00)	26,446,984.00	
Obligations under Capital Lease	43,643.70	279,212.16	(81,131.20)	241,724.66	74,329.97
Compensated Absences	2,162,548.55	247,759.64	(432,509.71)	1,977,798.48	395,559.70
<b>Total Other Liabilities</b>	<b>22,104,898.25</b>	<b>11,860,574.80</b>	<b>(5,298,965.91)</b>	<b>28,666,507.14</b>	<b>469,889.67</b>
<b>Governmental Activity Long-Term Liabilities</b>	<b>\$ 23,485,469.69</b>	<b>\$ 11,860,574.80</b>	<b>\$ (5,471,537.34)</b>	<b>\$ 29,874,507.15</b>	<b>\$ 638,889.67</b>

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

During the fiscal year ended June 30, 2017, the following changes occurred in long-term obligations for business-type activities:

<b>Business-Type Activities:</b>	<b>Balance July 01, 2016</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2017</b>	<b>Due within One Year</b>
Other Liabilities:					
Compensated Absences	\$ 135,471.04	\$ 21,865.19	\$ (27,094.21)	\$ 130,242.02	\$ 26,048.40
Obligations under Capital Lease		48,558.74	(10,716.00)	37,842.74	8,823.86
<b>Business-Type Activity Long-Term Liabilities</b>	<b>\$ 135,471.04</b>	<b>\$ 70,423.93</b>	<b>\$ (37,810.21)</b>	<b>\$ 168,084.76</b>	<b>\$ 34,872.26</b>

Compensated absences and obligations under capital lease are liquidated by the food service enterprise 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.

Principal and interest due on bonds outstanding is as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	169,000.00	24,082.50	193,082.50
2023-24	338,000.00	24,082.50	362,082.50
	<b>\$ 1,183,000.00</b>	<b>\$ 224,770.00</b>	<b>\$ 1,407,770.00</b>

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

**Bonds Authorized but not Issued** - As of June 30, 2017, the School District had no authorizations to issue additional bonded debt.

**Obligations under Capital Lease** - The School District is leasing computer equipment totaling \$386,263.30 under capital leases for the general government and computer systems totaling \$48,558.74 under capital leases for the food service enterprise fund. All capital leases are for terms 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, 2017.

**General Government**

<b><u>Fiscal Year</u></b> <b><u>Ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2018	\$ 74,329.97	\$ 8,629.22	\$ 82,959.19
2019	53,886.30	5,870.67	59,756.97
2020	55,776.14	3,980.83	59,756.97
2021	57,732.25	2,024.72	59,756.97
	<u>\$ 241,724.66</u>	<u>\$ 20,505.44</u>	<u>\$ 262,230.10</u>

**Food Service Enterprise Fund**

<b><u>Fiscal Year</u></b> <b><u>Ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2018	\$ 8,823.86	\$ 1,892.14	\$ 10,716.00
2019	9,265.06	1,450.94	10,716.00
2020	9,728.31	987.69	10,716.00
2021	10,025.51	690.49	10,716.00
	<u>\$ 37,842.74</u>	<u>\$ 5,021.26</u>	<u>\$ 42,864.00</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 is budgeted and paid from the general fund on an annual basis.

**Note 8: OPERATING LEASES**

At June 30, 2017, the School District had operating lease agreements in effect for copy machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2018	\$ 28,357.96
2019	6,979.16
	<u>\$ 35,337.12</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.

**Note 9: PENSION PLANS (CONT'D)****General Information about the Pension Plans (Cont'd)****Plan Descriptions (Cont'd)**

**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 New Jersey State Police Retirement System (SPRS) or the Police and Firemen's Retirement System (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.

**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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.

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

**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 ten 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.

**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 7.20% in State fiscal year 2017. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, 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*.

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

**Teachers' Pension and Annuity Fund (Cont'd)** - The School District's contractually required contribution rate for the fiscal year ended June 30, 2017 was 7.34% 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, 2017 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, 2016, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2017 was \$1,928,580.00, and was paid by April 1, 2017. School District employee contributions to the pension plan during the fiscal year ended June 30, 2017 were \$1,919,823.32.

**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 seven years beginning in July 2012. The member contribution rate was 7.20% in State fiscal year 2017. 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 amount, which includes the normal cost and unfunded accrued liability.

The School District's contractually required contribution rate for the fiscal year ended June 30, 2017 was 12.55% 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, 2016, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2017 was \$793,295.00, and was paid by April 1, 2017. School District employee contributions to the pension plan during the fiscal year ended June 30, 2017 were \$520,329.18.

**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, 2017, employee contributions totaled \$43,111.66, and the School District recognized pension expense, which equaled the required contributions, of \$28,069.80. There were no forfeitures during the fiscal year.

**Note 9: PENSION PLANS (CONT'D)****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, 2017, 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	<u>190,500,423.00</u>
	<u>\$ 190,500,423.00</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. 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, 2016. For the June 30, 2016 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, 2016, the School District proportion was 0.00% due to the 100% special funding situation with the State of New Jersey. For the June 30, 2016 measurement date, the State's proportionate share of the TPAF net pension liability associated with the School District was .2421624776%, which was an increase of .0034934719% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the School District recognized \$14,313,456.00 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, 2016 measurement date.

**Public Employees' Retirement System** - At June 30, 2017, the School District reported a liability of \$26,446,984.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. 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, 2016. 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, 2016 measurement date, the School District's proportion was .0892962353%, which was an increase of .0006526611% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the School District recognized pension expense of \$2,632,192.00, in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2016 measurement date.

**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)** - At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience	\$ 491,834.00	\$ -
Changes of Assumptions	5,478,402.00	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,008,448.00	-
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	819,958.00	459,317.00
School District Contributions Subsequent to the Measurement Date	880,015.00	-
	<u>\$ 8,678,657.00</u>	<u>\$ 459,317.00</u>

\$880,015.00, included in deferred outflows of resources, will be included as a reduction of the net pension liability in the fiscal year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b><u>Year Ending June 30,</u></b>	
2018	\$ 1,678,430
2019	1,678,430
2020	1,927,516
2021	1,554,943
2022	500,006
	<u>\$ 7,339,325.00</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)** - 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:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
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
June 30, 2016	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
June 30, 2016	5.57	5.57

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

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. 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, 2016. 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%	3.08%
Salary Increases:		
2012-2021	Varies Based on Experience	
Through 2026		1.65% - 4.15% Based on Age
Thereafter	Varies Based on Experience	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%	7.65%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2012 - June 30, 2015	July 1, 2011 - June 30, 2014

For TPAF, pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

For PERS, pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. Mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

For TPAF and PERS, in accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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, 2016 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>
Cash	5.00%	0.39%	Cash	5.00%	0.87%
U.S. Government Bonds	1.50%	1.28%	U.S. Treasuries	1.50%	1.74%
U.S. Credit Bonds	13.00%	2.76%	Investment Grade Credit	8.00%	1.79%
U.S. Mortgages	2.00%	2.38%	Mortgages	2.00%	1.67%
U.S. Inflation-Indexed Bonds	1.50%	1.41%	High Yield Bonds	2.00%	4.56%
U.S. High Yield Bonds	2.00%	4.70%	Inflation-Indexed Bonds	1.50%	3.44%
U.S. Equity Market	26.00%	5.14%	Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	5.91%	Developed Foreign Equities	13.25%	6.83%
Emerging Markets Equity	6.50%	8.16%	Emerging Market Equities	6.50%	9.95%
Private Real Estate Property	5.25%	3.64%	Private Equity	9.00%	12.40%
Timber	1.00%	3.86%	Hedge Funds / Absolute Return	12.50%	4.68%
Farmland	1.00%	4.39%	Real Estate (Property)	2.00%	6.91%
Private Equity	9.00%	8.97%	Commodities	0.50%	5.45%
Commodities	0.50%	2.87%	Global Debt ex U.S.	5.00%	-0.25%
Hedge Funds - MultiStrategy	5.00%	3.70%	REIT	5.25%	5.63%
Hedge Funds - Equity Hedge	3.75%	4.72%			
Hedge Funds - Distressed	3.75%	3.49%			
	<u>100.00%</u>			<u>100.00%</u>	

**Discount Rate** - The discount rates used to measure the total pension liability at June 30, 2016 were 3.22% and 3.98% for TPAF and PERS, 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 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, 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 contribution rate in the most recent fiscal year. 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 2029 for TPAF and 2034 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029 for TPAF and 2034 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, 2016, 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 3.22%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	<b>TPAF</b>		
	<b>1% Decrease (2.22%)</b>	<b>Current Discount Rate (3.22%)</b>	<b>1% Increase (4.22%)</b>
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	<u>227,500,077.00</u>	<u>190,500,423.00</u>	<u>160,285,430.00</u>
	<u>\$227,500,077.00</u>	<u>\$190,500,423.00</u>	<u>\$160,285,430.00</u>

**Public Employees' Retirement System (PERS)** - The following presents the School District's proportionate share of the net pension liability at June 30, 2016, the plans measurement date, calculated using a discount rate of 3.98%, 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:

	<b>PERS</b>		
	<b>1% Decrease (2.98%)</b>	<b>Current Discount Rate (3.98%)</b>	<b>1% Increase (4.98%)</b>
School District's Proportionate Share of the Net Pension Liability	<u>\$ 32,407,692.00</u>	<u>\$ 26,446,984.00</u>	<u>\$ 21,525,902.00</u>

**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's 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](http://www.nj.gov/treasury/pensions).

**Note 10: SCHOOL EMPLOYEES HEALTH BENEFITS PROGRAM**

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, 2016, there were 110,512 retirees receiving postemployment medical benefits, and the State contributed \$1.37 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in fiscal year 2016.

**Note 11: ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2017, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF, in the fund financial statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, non-contributory insurance, post-retirement medical costs, and long-term disability insurance were \$2,646,657.00, \$95,894.00, \$2,285,169.00, and \$2,947.00, respectively.

**Note 12: RISK MANAGEMENT**

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

**Property and Liability Insurance** - The School District maintains commercial insurance coverage for student accident coverage. 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>
2017	-	\$ 58,899.18	\$ 233.14	\$ 29,888.29	\$ 181,608.62
2016	-	55,227.70	159.84	33,683.52	152,364.59
2015	-	53,763.58	83.61	72,539.87	130,660.57

**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, 2017, 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 four 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

**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, 2017, the liability for compensated absences reported on the government-wide statement of net position and on the proprietary fund statement of net position was \$1,977,798.48 and \$130,242.02, respectively.

**Note 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of June 30, 2017 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 311,448.27	\$ 10.47
Special Revenue		228,738.34
Enterprise Funds	10.47	82,709.93
Fiduciary	19,452.54	19,452.54
	<u>\$ 330,911.28</u>	<u>\$ 330,911.28</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2018, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

Interfund Transfers:

<u>Transfer Out:</u>	<u>Transfer In:</u>
	<u>Debt</u>
	<u>Service</u>
	<u>Fund</u>
Capital Projects	<u>\$ 37,521.68</u>

The interfund transfer from the capital projects fund to the debt service fund was from the cancellation of the remaining unexpended balance of completed capital projects.

**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: DEFICIT FUND BALANCES**

The School District has a deficit fund balance of \$679,985.32 in the general fund as of June 30, 2017 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 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 \$679,985.32 is less than the June state aid payments.

**Note 19: 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:



**Note 19: FUND BALANCES (CONT'D)****RESTRICTED (CONT'D)****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, 2017 is \$2,476,544.04. Additionally, \$2,196,874.00 of excess fund balance generated during 2015-2016 has been restricted and designated for utilization in the 2017-2018 budget.

**For Capital Reserve Account** - As of June 30, 2017, the balance in the capital reserve account is \$4,615,814.03. 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, 2017, the balance in the maintenance reserve account is \$2,951,131.00. 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, 2017, the balance in the emergency reserve is \$316,107.38. These funds are restricted for the purpose of financing unanticipated general fund expenditures required for a thorough and efficient education in accordance with N.J.S.A. 18A:7F-41c(1). The balance of the 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, 2017, the fund balance of the special revenue fund was \$10,481.55.

**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, 2017, the restricted fund balance amount was \$77,193.00.

**Debt Service Fund** - In accordance with N.J.A.C. 6A:23A-8.6, a district board of education shall appropriate annually all debt service fund balances in the budget certified for taxes unless expressly authorized and documented by the voters in a bond referendum. As a result, the School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2018 \$64,336.67 of debt service fund balance at June 30, 2017.

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

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

**General Fund**

**For Subsequent Year's Expenditures** - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2018, \$338,800.84 of general fund balance at June 30, 2017.

The School District has appropriated and included as anticipated revenue for the fiscal year ending June 30, 2018 \$38,024.16 of general fund balance at June 30, 2017, resulting from the Special Education Medicaid Initiative (SEMI) reimbursement received during the previous fiscal year for reimbursement of previous fiscal year expenditures.

**Other Purposes** - As of June 30, 2017, the School District had \$402,703.65 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, 2017, \$679,985.32 of general fund balance was unassigned.

REQUIRED SUPPLEMENTARY INFORMATION  
PART II

**BUDGETARY COMPARISON SCHEDULES**

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Required Supplementary Information  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 31,447,108.00		\$ 31,447,108.00	\$ 31,447,108.00	\$ 295,973.60
Tuition from Other LEA's Within the State	104,011.00		104,011.00	399,984.60	5,218.03
Interest Earned on Capital Reserve Funds	500.00		500.00	2,334.21	2,334.21
Interest Earned on Maintenance Reserve Funds				473.78	473.78
Interest Earned on Emergency Reserve Funds				473.78	473.78
Unrestricted Miscellaneous Revenues	160,000.00		160,000.00	245,373.95	85,373.95
<b>Total - Local Sources</b>	<b>31,711,619.00</b>	<b>-</b>	<b>31,711,619.00</b>	<b>32,100,992.57</b>	<b>389,373.57</b>
<b>State Sources:</b>					
Categorical Transportation Aid	389,818.00		389,818.00	389,818.00	
Special Education Aid	1,996,732.00		1,996,732.00	1,996,732.00	
Equalization Aid	20,531,501.00		20,531,501.00	20,531,501.00	
Categorical Security Aid	739,882.00		739,882.00	739,882.00	
Extraordinary Aid	200,000.00		200,000.00	610,925.00	410,925.00
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	
Professional Learning Community Aid	32,185.00		32,185.00	32,185.00	
Non-Public Transportation Aid				41,064.00	41,064.00
Homeless Aid				60,466.00	60,466.00
Lead Water Testing for Schools Aid				13,715.00	13,715.00
On-behalf TPAF Pension Contributions (non-budgeted)				2,646,657.00	2,646,657.00
On-behalf TPAF Non-Contributory Insurance (non-budgeted)				95,894.00	95,894.00
On-behalf TPAF Medical Contributions (non-budgeted)				2,285,169.00	2,285,169.00
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)				2,947.00	2,947.00
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				1,873,195.54	1,873,195.54
<b>Total - State Sources</b>	<b>23,956,598.00</b>	<b>-</b>	<b>23,956,598.00</b>	<b>31,386,630.54</b>	<b>7,430,032.54</b>
<b>Federal Sources:</b>					
SEMI Medicaid Reimbursement	103,205.00		103,205.00	178,264.37	75,059.37
Medicaid Administrative Claiming Aid				18,604.06	18,604.06
Special Education Medicaid Initiative ARRA Reconciliation				9,751.66	9,751.66
<b>Total - Federal Sources</b>	<b>103,205.00</b>	<b>-</b>	<b>103,205.00</b>	<b>206,620.09</b>	<b>103,415.09</b>
<b>Total Revenues</b>	<b>55,771,422.00</b>	<b>-</b>	<b>55,771,422.00</b>	<b>63,694,243.20</b>	<b>7,922,821.20</b>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Required Supplementary Information  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 1,283,108.00	\$ 54,584.54	\$ 1,337,692.54	\$ 1,334,340.36	\$ 3,352.18
Grades 1-5	8,605,377.00	27,904.80	8,633,281.80	8,632,048.30	1,233.50
Grades 6-8	4,675,545.00	(7,489.34)	4,668,055.66	4,595,032.42	73,023.24
Regular Programs - Home Instruction:					
Salaries of Teachers	50,000.00		50,000.00	19,162.00	30,838.00
Purchased Professional - Educational Services	5,000.00		5,000.00	2,580.40	2,419.60
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	385,041.00	36.90	385,077.90	380,575.68	4,502.22
Purchased Professional - Educational Services	9,500.00	750.00	10,250.00	10,248.70	1.30
Other Purchased Services	210,568.00	925.00	211,493.00	204,051.72	7,441.28
General Supplies	742,500.00	5,900.10	748,400.10	643,091.00	105,309.10
Textbooks	10,250.00	3,550.00	13,800.00	5,398.35	8,401.65
<b>Total Regular Programs- Instruction</b>	<b>15,976,889.00</b>	<b>86,162.00</b>	<b>16,063,051.00</b>	<b>15,826,528.93</b>	<b>236,522.07</b>
Learning and / or Language Disabilities:					
Salaries of Teachers	794,652.00	147,758.85	942,410.85	942,102.85	308.00
Other Salaries for Instruction	567,230.00	241,128.59	808,358.59	808,358.59	
General Supplies	19,170.00		19,170.00	15,622.09	3,547.91
Textbooks	4,000.00		4,000.00	4,000.00	
<b>Total Learning and / or Language Disabilities</b>	<b>1,385,052.00</b>	<b>388,887.44</b>	<b>1,773,939.44</b>	<b>1,770,083.53</b>	<b>3,855.91</b>
Auditory Impairments:					
Salaries of Teachers	55,109.00	22.00	55,131.00	55,131.00	
Other Salaries for Instruction	38,663.00	(4,746.62)	33,916.38	27,734.40	6,181.98
<b>Total Auditory Impairments</b>	<b>93,772.00</b>	<b>(4,724.62)</b>	<b>89,047.38</b>	<b>82,865.40</b>	<b>6,181.98</b>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Required Supplementary Information  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONTD):</b>					
Current Expense (Cont'd):					
Special Education - Instruction (Cont'd):					
Behavioral Disabilities:					
Salaries of Teachers	209,317.00	\$ 42,842.00	\$ 252,159.00	\$ 252,158.56	\$ 0.44
Other Salaries for Instruction	106,763.00	338.00	107,101.00	103,241.08	3,859.92
General Supplies	8,480.00		8,480.00	3,121.74	5,358.26
Textbooks	2,500.00		2,500.00	1,000.00	1,500.00
Other Objects	800.00		800.00	785.93	14.07
Total Behavioral Disabilities	327,860.00	43,180.00	371,040.00	360,307.31	10,732.69
Multiple Disabilities:					
Salaries of Teachers	237,499.00	(21,710.00)	215,789.00	215,789.00	
Other Salaries for Instruction	175,287.00	42,566.00	217,853.00	217,754.00	99.00
General Supplies	9,865.00		9,865.00	8,393.47	1,471.53
Textbooks	1,900.00		1,900.00	1,700.00	200.00
Other Objects	400.00		400.00	400.00	
Total Multiple Disabilities	424,951.00	20,856.00	445,807.00	443,636.47	2,170.53
Resource Room / Resource Center:					
Salaries of Teachers	3,848,302.00	(414,357.00)	3,433,945.00	3,427,627.84	6,317.16
Other Salaries for Instruction	38,608.00	18,105.00	56,713.00	56,712.08	0.92
General Supplies	11,015.00		11,015.00	4,887.24	6,127.76
Textbooks	3,550.00		3,550.00	3,550.00	
Total Resource Room / Resource Center	3,901,475.00	(396,252.00)	3,505,223.00	3,489,227.16	15,995.84
Preschool Disabilities - Full Time:					
Salaries of Teachers	442,317.00	(33,000.00)	409,317.00	294,299.71	115,017.29
Other Salaries for Instruction	532,331.00	(33,340.00)	498,991.00	399,727.93	99,263.07
General Supplies	2,000.00	375.00	2,375.00	2,373.78	1.22
Total Preschool Disabilities - Full Time	976,648.00	(65,965.00)	910,683.00	696,401.42	214,281.58
Total Special Education - Instruction	7,109,758.00	(14,018.18)	7,095,739.82	6,842,521.29	253,218.53

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Required Supplementary Information  
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 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONTD):</b>					
Current Expense (Cont'd):					
Basic Skills / Remedial - Instruction:					
Salaries of Teachers	\$ 943,036.00	\$ 17,184.00	\$ 960,220.00	\$ 959,736.77	\$ 483.23
General Supplies	8,736.00	(1,471.15)	7,264.85	2,970.35	4,294.50
Textbooks		1,471.15	1,471.15	1,468.51	2.64
<b>Total Basic Skills / Remedial - Instruction</b>	<u>951,772.00</u>	<u>17,184.00</u>	<u>968,956.00</u>	<u>964,175.63</u>	<u>4,780.37</u>
Bilingual Education - Instruction:					
Salaries of Teachers	682,253.00	(49,966.00)	632,287.00	632,286.92	0.08
General Supplies	2,350.00		2,350.00	1,884.80	465.20
Textbooks	2,300.00		2,300.00	264.69	2,035.31
<b>Total Bilingual Education - Instruction</b>	<u>686,903.00</u>	<u>(49,966.00)</u>	<u>636,937.00</u>	<u>634,436.41</u>	<u>2,500.59</u>
School Sponsored Cocurricular Activities - Instruction:					
Salaries	44,546.00	1,214.97	45,760.97	45,760.97	
Supplies and Materials	7,300.00		7,300.00	4,961.28	2,338.72
<b>Total School Sponsored Cocurricular Activities - Instruction</b>	<u>51,846.00</u>	<u>1,214.97</u>	<u>53,060.97</u>	<u>50,722.25</u>	<u>2,338.72</u>
School Sponsored Athletics - Instruction:					
Salaries	31,561.00	(1,214.27)	30,346.73	28,760.00	1,586.73
Purchased Services	6,450.00		6,450.00	5,688.00	762.00
Supplies and Materials	6,845.00		6,845.00	5,995.59	849.41
<b>Total School Sponsored Athletics - Instruction</b>	<u>44,856.00</u>	<u>(1,214.27)</u>	<u>43,641.73</u>	<u>40,443.59</u>	<u>3,198.14</u>
<b>Total Instruction</b>	<u>24,822,024.00</u>	<u>39,362.52</u>	<u>24,861,386.52</u>	<u>24,358,828.10</u>	<u>502,558.42</u>



**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Required Supplementary Information  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONTD):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 150,000.00	\$ (81,913.39)	\$ 68,086.61	\$ 68,086.61	
Tuition to Other LEAs Within the State - Special		49,009.45	49,009.45	49,009.45	
Tuition to CSSD and Regional Day Schools	812,830.00	(60,032.37)	752,797.63	749,438.00	\$ 3,359.63
Tuition to Private Schools for the Disabled - Within State	867,671.00	246,971.31	1,114,642.31	1,111,749.67	2,892.64
Total Undistributed Expenditures - Instruction	1,830,501.00	154,035.00	1,984,536.00	1,978,283.73	6,252.27
Undistributed Expenditures - Attendance and Social Work:					
Salaries	23,148.00		23,148.00	16,770.01	6,377.99
Other Purchased Services	2,500.00		2,500.00	1,766.38	733.62
Supplies and Materials	2,800.00		2,800.00	2,499.78	300.22
Total Undistributed Expenditures - Attendance and Social Work	28,448.00	-	28,448.00	21,036.17	7,411.83
Undistributed Expenditures - Health Services:					
Salaries	457,600.00	2,987.00	460,587.00	460,563.24	23.76
Purchased Professional and Technical Services	21,900.00	(6,250.00)	15,650.00	14,191.50	1,458.50
Other Purchased Services	1,120.00		1,120.00	1,120.00	
Supplies and Materials	15,680.00		15,680.00	6,432.56	9,247.44
Total Undistributed Expenditures - Health Services	496,300.00	(3,263.00)	493,037.00	481,187.30	11,849.70
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	715,987.00	(3,200.00)	712,787.00	690,414.72	22,372.28
Purchased Professional - Educational Services	71,500.00	(3,000.00)	68,500.00	54,167.50	14,332.50
Supplies and Materials	8,500.00		8,500.00	7,690.95	809.05
Other Objects		3,000.00	3,000.00	3,000.00	
Total Undistributed Expenditures - Other Support Services - Students - Related Services	795,987.00	(3,200.00)	792,787.00	752,273.17	40,513.83

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Required Supplementary Information  
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 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONTD):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Other Support Services -					
Students - Extra Services:					
Salaries	\$ 615,995.00	\$ 43,882.96	\$ 659,877.96	\$ 656,699.71	\$ 3,178.25
Purchased Professional - Educational Services	266,490.00	(41,776.17)	224,713.83	167,882.61	56,831.22
Supplies and Materials	20,000.00		20,000.00	12,878.94	7,121.06
Total Undistributed Expenditures - Other Support Services -	902,485.00	2,106.79	904,591.79	837,461.26	67,130.53
Students - Extra Services					
Undistributed Expenditures - Other Support Services -					
Students - Regular:					
Salaries of Other Professional Staff	628,053.00	8,824.08	636,877.08	636,877.08	4,954.27
Other Purchased Professional and Technical Services	5,000.00		5,000.00	45.73	1,751.92
Other Purchased Services (400-500 series)	2,200.00		2,200.00	448.08	4,265.54
Supplies and Materials	11,950.00		11,950.00	7,684.46	850.00
Other Objects	850.00		850.00	850.00	
Total Undistributed Expenditures - Other Support Services -	648,053.00	8,824.08	656,877.08	645,055.35	11,821.73
Students - Regular					
Undistributed Expenditures - Other Support Services -					
Students - Special:					
Salaries of Other Professional Staff	1,305,946.00	693.25	1,306,639.25	1,306,053.99	585.26
Salaries of Secretarial and Clerical Assistants	185,953.00	(1,968.79)	183,984.21	178,840.91	5,143.30
Purchased Professional - Educational Services	15,000.00		15,000.00	14,701.51	298.49
Other Purchased Professional and Technical Services	82,900.00		82,900.00	66,052.26	16,847.74
Other Purchased Services (400-500 series)	5,908.00		5,908.00	5,112.15	795.85
Supplies and Materials	15,200.00		15,200.00	13,558.64	1,641.36
Other Objects	1,150.00		1,150.00	535.00	615.00
Total Undistributed Expenditures - Other Support Services -	1,612,057.00	(1,275.54)	1,610,781.46	1,584,854.46	25,927.00
Students - Special					

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Required Supplementary Information  
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 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Other Professional Staff	\$ 221,096.00	\$ 717.06	\$ 221,813.06	\$ 221,813.06	
Salaries of Secretarial and Clerical Assistants	103,592.00		103,592.00	103,165.96	\$ 426.04
Salaries of Facilitators, Math & Literacy Coaches	164,644.00		164,644.00	164,644.00	
Purchased Professional - Educational Services	16,344.00		16,344.00	15,054.00	1,290.00
Other Purchased Services (400-500)	400.00		400.00	400.00	
Supplies and Materials	245,037.00	9,999.99	255,036.99	124,200.80	130,836.19
Other Objects	15,000.00		15,000.00	13,940.06	1,059.94
<b>Total Undistributed Expenditures - Improvement of Instruction Services</b>	<b>766,113.00</b>	<b>10,717.05</b>	<b>776,830.05</b>	<b>642,817.88</b>	<b>134,012.17</b>
Undistributed Expenditures - Educational Media Services / School Library:					
Salaries	546,708.00	694.40	547,402.40	546,826.60	575.80
Purchased Professional and Technical Services	9,000.00		9,000.00	7,120.75	1,879.25
Other Purchased Services (400-500 series)	3,000.00	62.26	3,062.26	2,129.20	933.06
Supplies and Materials	20,563.00	(62.26)	20,500.74	20,279.49	221.25
<b>Total Undistributed Expenditures - Educational Media Services / School Library</b>	<b>579,271.00</b>	<b>694.40</b>	<b>579,965.40</b>	<b>576,356.04</b>	<b>3,609.36</b>
Undistributed Expenditures - Instructional Staff Training Services:					
Salaries of Other Professional Staff	59,077.00	4,770.45	63,847.45	62,531.32	1,316.13
Purchased Professional - Educational Services	900.00		900.00	140.00	760.00
Other Purchased Services (400-500 series)	1,000.00	1,750.00	2,750.00	343.98	2,406.02
Supplies and Materials	1,000.00		1,000.00	156.15	843.85
Other Objects	19,500.00	(4,770.07)	14,729.93	14,729.93	
<b>Total Undistributed Expenditures - Instructional Staff Training Services</b>	<b>81,477.00</b>	<b>1,750.38</b>	<b>83,227.38</b>	<b>77,901.38</b>	<b>5,326.00</b>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Required Supplementary Information  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONTD):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Support Services - General Administration:					
Salaries	\$ 268,344.00	\$ (0.28)	\$ 268,343.72	\$ 266,287.42	\$ 2,056.30
Legal Services	30,750.00		30,750.00	26,092.00	4,658.00
Audit Fees	46,100.00		46,100.00	44,500.00	1,600.00
Architectural/Engineering Services	12,500.00	(10,601.28)	1,898.72	1,189.00	709.72
Other Purchased Professional Services	32,500.00	(8,718.92)	23,781.08	23,781.08	
Communications / Telephone	151,252.00	10,350.20	161,602.20	149,986.72	11,615.48
BOE Other Purchased Services	5,900.00		5,900.00	2,046.61	3,853.39
Other Purchased Services (400-500)	94,445.00	915.00	95,360.00	95,335.42	24.58
General Supplies	11,150.00		11,150.00	11,048.27	101.73
Miscellaneous Expenditures	6,850.00	1,139.05	7,989.05	7,988.12	0.93
BOE Membership Dues and Fees	25,000.00	215.95	25,215.95	25,215.95	
<b>Total Undistributed Expenditures - Support Services - General Administration</b>	<b>684,791.00</b>	<b>(6,700.28)</b>	<b>678,090.72</b>	<b>653,470.59</b>	<b>24,620.13</b>
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals	1,270,326.00	99.92	1,270,425.92	1,268,047.60	2,378.32
Salaries of Secretarial and Clerical Assistants	572,056.00	6,729.73	578,785.73	565,795.39	12,990.34
Unused Vacation Payment to Terminated/Retired Staff		16,956.14	16,956.14	16,956.14	
Other Purchased Services (400-500 series)	235.00		235.00		235.00
Supplies and Materials	58,875.00	1,998.00	60,873.00	49,318.07	11,554.93
Other Objects	8,800.00	(1,998.00)	6,802.00	6,651.67	150.33
<b>Total Undistributed Expenditures - Support Services - School Administration</b>	<b>1,910,292.00</b>	<b>23,785.79</b>	<b>1,934,077.79</b>	<b>1,906,768.87</b>	<b>27,308.92</b>
Undistributed Expenditures - Central Services:					
Salaries	426,917.00	5,967.72	432,884.72	432,884.72	
Purchased Technical Services	13,128.00	4,500.00	17,628.00	17,599.56	28.44
Miscellaneous Purchased Services (400-500 series)	12,500.00	1,900.00	14,400.00	14,391.82	8.18
Supplies and Materials	16,464.89	300.00	16,764.89	16,731.27	33.62
Interest on Lease Purchase Agreements	1,830.00		1,830.00	1,830.00	
Miscellaneous Expenditures	2,920.00		2,920.00	2,186.72	733.28
<b>Total Undistributed Expenditures - Central Services</b>	<b>473,759.89</b>	<b>12,667.72</b>	<b>486,427.61</b>	<b>483,794.09</b>	<b>2,633.52</b>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Required Supplementary Information  
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 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONTD):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Administration of Information Technology:					
Salaries	\$ 426,139.00	\$ (0.38)	\$ 426,138.62	\$ 424,908.36	\$ 1,230.26
Purchased Professional Services	2,275.00	(1,742.00)	533.00		533.00
Purchased Technical Services	20,000.00	2,458.78	22,458.78	22,458.78	
Other Purchased Services (400-500 series)	1,000.00	(795.00)	205.00		205.00
Supplies and Materials	1,250.00	(716.78)	533.22		533.22
Other Objects	2,000.00	795.00	2,795.00	2,795.00	
<b>Total Undistributed Expenditures - Administration of Information Technology</b>	<b>452,664.00</b>	<b>(0.38)</b>	<b>452,663.62</b>	<b>450,162.14</b>	<b>2,501.48</b>
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	426,145.00	(7,600.47)	418,544.53	416,979.01	1,565.52
Cleaning, Repair and Maintenance Services	681,114.00	625,852.52	1,306,966.52	918,026.37	388,940.15
General Supplies	122,675.00		122,675.00	78,871.55	43,803.45
Other Objects	8,000.00		8,000.00	5,962.51	2,037.49
<b>Total Undistributed Expenditures - Required Maintenance for School Facilities</b>	<b>1,237,934.00</b>	<b>618,252.05</b>	<b>1,856,186.05</b>	<b>1,419,839.44</b>	<b>436,346.61</b>
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	1,454,973.00	19,637.65	1,474,610.65	1,474,610.65	
Purchased Professional and Technical Services	1,500.00		1,500.00	1,410.00	90.00
Cleaning, Repair and Maintenance Services	91,000.00		91,000.00	60,978.84	30,021.16
Rental of Land and Buildings -- Other than Lease Purchase	6,312.00		6,312.00	5,809.36	502.64
Other Purchased Property Services	124,000.00	2,700.00	126,700.00	114,942.82	11,757.18
Insurance	251,112.00		251,112.00	251,112.00	
General Supplies	207,113.00		207,112.31	189,137.15	17,975.16
Energy (Heat)	174,500.00		174,500.00	116,784.42	57,715.58
Energy (Electricity)	720,500.00	7,000.00	727,500.00	698,199.23	29,300.77
Energy (Gasoline)	30,000.00	(9,700.00)	20,300.00	7,983.23	12,316.77
Other Objects	7,000.00		7,000.00	3,343.08	3,656.92
<b>Total Undistributed Expenditures - Operation and Maintenance of Plant Services</b>	<b>3,068,010.00</b>	<b>19,636.96</b>	<b>3,087,646.96</b>	<b>2,924,310.78</b>	<b>163,336.18</b>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Required Supplementary Information  
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 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Care & Upkeep of Grounds					
Salaries	\$ 26,518.00	\$ 299.56	\$ 26,817.56	26,817.56	
Cleaning, Repair, and Maintenance Services	153,768.50	4,700.00	158,468.50	147,904.47	\$ 10,564.03
General Supplies	28,800.00		28,800.00	13,917.70	14,882.30
<b>Total Undistributed Expenditures - Care &amp; Upkeep of Grounds</b>	<b>209,086.50</b>	<b>4,999.56</b>	<b>214,086.06</b>	<b>188,639.73</b>	<b>25,446.33</b>
Undistributed Expenditures - Security					
Salaries	45,326.00	444.64	45,770.64	45,770.64	
Purchased Professional and Technical services	52,236.00		52,236.00	43,485.11	8,750.89
Cleaning, Repair, and Maintenance Services	32,032.62	300.00	32,332.62	27,136.73	5,195.89
General Supplies	6,550.00	4,700.00	11,250.00	653.12	10,596.88
<b>Total Undistributed Expenditures - Security</b>	<b>136,144.62</b>	<b>5,444.64</b>	<b>141,589.26</b>	<b>117,045.60</b>	<b>24,543.66</b>
Undistributed Expenditures - Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School)-Reg.	103,830.00	543.88	104,373.88	104,373.88	
Other Purchased Prof. and Technical Services	3,750.00		3,750.00	3,750.00	
Contracted Services - (Between Home and School) - Vendors	12,000.00	8,800.00	20,800.00	20,799.50	0.50
Contracted Services - (Other than Between Home and School) - Vendors	90,000.00	6,263.07	96,263.07	95,263.07	1,000.00
Contracted Services - (Between Home and School) - Joint Agreements	2,503,143.00	(12,659.20)	2,490,483.80	2,379,615.78	110,868.02
Contracted Services (Special Education Students) - Joint Agreements	1,518,856.00	(6,806.51)	1,512,049.49	1,122,349.57	389,699.92
Contracted Services - Aid in Lieu of Payments - Nonpublic School	65,660.00	9,303.20	74,963.20	74,963.20	
Contracted Services - Aid in Lieu of Payments - Charter School	7,072.00		7,072.00	2,941.59	4,130.41
Contracted Services - Aid in Lieu of Payments - Choice School	20,000.00		20,000.00	14,507.34	5,492.66
General Supplies	3,850.00		3,850.00	2,135.00	1,715.00
<b>Total Undistributed Expenditures - Student Transportation Services</b>	<b>4,328,161.00</b>	<b>5,444.44</b>	<b>4,333,605.44</b>	<b>3,820,698.93</b>	<b>512,906.51</b>
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	631,400.00	36,834.00	668,234.00	617,808.21	50,425.79
Other Retirement Contributions- PERS	823,674.00	(250.00)	823,424.00	797,384.00	26,040.00
Other Retirement Contributions - Regular	44,000.00	250.00	44,250.00	28,069.80	16,180.20
Unemployment Compensation	50,000.00	25,000.00	75,000.00	75,000.00	
Workmen's Compensation	459,353.00	(5,000.00)	454,353.00	423,314.00	31,039.00
Health Benefits	10,582,568.00	(152,620.00)	10,429,948.00	8,835,327.28	1,594,620.72
Tuition Reimbursement	122,500.00		122,500.00	92,553.22	29,946.78
Other Employee Benefits	592,000.00	9,616.00	601,616.00	598,616.00	3,000.00
Unused Sick Payment to Terminated/Retired Staff		30,000.00	30,000.00	29,875.50	124.50
<b>Total Unallocated Benefits</b>	<b>13,305,495.00</b>	<b>(56,170.00)</b>	<b>13,249,325.00</b>	<b>11,422,948.01</b>	<b>1,826,376.99</b>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Required Supplementary Information  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONTD):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures- Food Services	\$ 85,000.00	-	\$ 85,000.00	-	\$ 85,000.00
Transfers to Cover Deficit					
<b>TPAF Contributions:</b>					
On-behalf TPAF Pension Contributions (non-budgeted)			\$ 2,646,657.00	2,646,657.00	(2,646,657.00)
On-behalf TPAF Non-Contributory Insurance (non-budgeted)			95,894.00	95,894.00	(95,894.00)
On-behalf TPAF Medical Contributions (non-budgeted)			2,285,169.00	2,285,169.00	(2,285,169.00)
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)			2,947.00	2,947.00	(2,947.00)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)			1,873,195.54	1,873,195.54	(1,873,195.54)
<b>Total TPAF Contributions</b>	-	-	6,903,862.54	6,903,862.54	(6,903,862.54)
<b>Total Undistributed Expenditures</b>	33,632,030.01	\$ 797,749.66	34,429,779.67	37,888,767.46	(3,458,987.79)
<b>Total Current Expense</b>	58,454,054.01	837,112.18	59,291,166.19	62,247,595.56	(2,956,429.37)
<b>Capital Outlay:</b>					
Capital Reserve:					
Transfer to Capital Projects	328,014.00		328,014.00		328,014.00
Interest Deposit to Capital Reserve	500.00		500.00		500.00
<b>Total Capital Reserve</b>	328,514.00	-	328,514.00	-	328,514.00
<b>Equipment:</b>					
Undistributed Expenditures - Supp Serv. - Related & Extra	5,000.00		5,000.00		5,000.00
Undistributed Expenditures - Required Maintenance	23,000.00	23,000.00	23,000.00	23,000.00	
Undistributed Expenditures - Care and Upkeep of Grounds	24,500.00		24,500.00	23,222.81	1,277.19
<b>Total Equipment</b>	29,500.00	23,000.00	52,500.00	46,222.81	6,277.19
<b>Facility Acquisitions and Construction Services:</b>					
Architectural Services		19,588.00	19,588.00	19,588.00	
Construction Services		134,220.00	134,220.00	134,220.00	
Assessment for Debt Service on SDA Funding	44,186.00		44,186.00	44,186.00	
<b>Total Facility Acquisitions and Construction Services</b>	44,186.00	153,808.00	197,994.00	197,994.00	
<b>Assets Acquired Under Capital Leases (Non-Budgeted)</b>					
Undistributed Expenditures - Equipment	-	-	-	279,212.16	(279,212.16)
<b>Total Capital Outlay</b>	402,200.00	176,808.00	579,008.00	523,428.97	55,579.03
<b>Transfer of Funds to Charter School</b>	775,920.00	(267,559.04)	508,360.96	320,584.00	187,776.96
<b>Total Expenditures</b>	59,632,174.01	746,361.14	60,378,535.15	63,091,608.53	(2,713,073.38)
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(3,860,752.01)	(746,361.14)	(4,607,113.15)	602,634.67	5,209,747.82

(Continued)

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Required Supplementary Information  
 General Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Other Financing Sources (Uses):					
Assets Acquired Under Capital Lease	-	-	-	279,212.16	\$ 279,212.16
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (3,860,752.01)	\$ (746,361.14)	\$ (4,607,113.15)	881,846.83	5,488,959.98
Fund Balances, July 1	14,024,311.95	-	14,024,311.95	14,024,311.95	-
Fund Balances, June 30	\$ 10,163,559.94	\$ (746,361.14)	\$ 9,417,198.80	\$ 14,906,158.78	\$ 5,488,959.98

**Recapitulation:**

Restricted Fund Balance:	
Capital Reserve	\$ 4,615,814.03
Maintenance Reserve	2,951,131.00
Emergency Reserve	316,107.38
Excess Surplus	2,476,544.04
Excess Surplus -- Designated for Subsequent Year's Expenditures	2,196,874.00
Assigned Fund Balance:	
Other Purposes	402,703.65
Designated for Subsequent Year's Expenditures	338,800.84
SEMI Cost Settlement 7/1/13 - 6/30/14 Designated for Subsequent Year's Expenditures	38,024.16
Unassigned Fund Balance	1,570,159.68
	14,906,158.78
	(2,250,145.00)
	\$ 12,656,013.78

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



**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Required Supplementary Information  
 Special Revenue Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Atlanti Care Garden	\$ 1,389.01	\$ 1,389.01	\$ 1,389.01	\$ 623.44	\$ 765.57
Atlanti Care School Health	75.59	75.59	75.59	45.17	30.42
Raymour & Flanigan Music Donation	923.07	923.07	923.07	904.83	18.24
James Patterson & Scholastic Reading Club Grant	70.37	70.37	70.37	70.37	0.00
Sustainable Jersey Small School Grant	2,177.78	2,177.78	2,177.78	2,024.91	152.87
Galloway Education Foundation	16,099.14	16,099.14	16,099.14	13,337.34	2,761.80
<b>Total - Local Sources</b>	<b>-</b>	<b>20,734.96</b>	<b>20,734.96</b>	<b>16,935.69</b>	<b>3,799.27</b>
<b>State Sources:</b>					
Nonpublic Aid	\$ 129,533.00	359,518.00	359,518.00	317,443.29	42,074.71
Preschool Education Aid	129,533.00	359,518.00	489,051.00	446,976.29	42,074.71
<b>Total - State Sources</b>	<b>259,066.00</b>	<b>719,036.00</b>	<b>848,569.00</b>	<b>864,419.58</b>	<b>119,453.58</b>
<b>Federal Sources:</b>					
Title I, Part A	465,771.00	179,993.00	645,764.00	633,775.76	11,988.24
Title II, Part A	70,008.00	(8,895.00)	61,113.00	59,338.00	1,775.00
Title III	41,574.00	6,762.00	48,336.00	47,265.86	1,070.14
Title III Immigrant	850,968.00	4,592.00	855,560.00	849,000.00	6,560.00
I.D.E.A., Part B Basic	124,213.00	124,213.00	975,181.00	861,623.72	113,557.28
I.D.E.A., Part B, Preschool Incentive	66,229.00	66,229.00	68,229.00	64,732.33	3,496.67
Race to the Top	8,250.00	8,250.00	8,250.00	8,250.00	0.00
Preschool Development Grant	1,215,621.00	13,338.00	1,228,959.00	1,105,525.17	123,433.83
<b>Total - Federal Sources</b>	<b>2,643,942.00</b>	<b>396,482.00</b>	<b>3,040,424.00</b>	<b>2,784,806.72</b>	<b>255,617.28</b>
<b>Total Revenues</b>	<b>\$ 2,773,475.00</b>	<b>\$ 776,734.96</b>	<b>\$ 3,550,209.96</b>	<b>\$ 3,248,718.70</b>	<b>\$ 301,491.26</b>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Required Supplementary Information  
 Special Revenue Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

EXPENDITURES:	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Instruction:					
Salaries of Teachers	\$ 678,533.00	\$ 467,455.70	\$ 1,145,988.70	\$ 1,122,591.45	\$ 23,397.25
Other Salaries for Instruction	188,651.89	548.11	189,200.00	189,200.00	
Purchased Professional & Educational Services	14,105.53	33,131.39	47,236.92	19,064.00	28,172.92
Tuition	470,184.43	29,815.57	500,000.00	500,000.00	
General Supplies	182,879.54	109,552.56	292,432.10	265,782.02	26,650.08
Textbooks		31,011.00	31,011.00	29,420.95	1,590.05
Other Objects		1,521.60	1,521.60	1,330.00	191.60
<b>Total Instruction</b>	<b>1,534,354.39</b>	<b>673,035.93</b>	<b>2,207,390.32</b>	<b>2,127,388.42</b>	<b>80,001.90</b>
Support Services:					
Salaries of Principals / Assistant Principals	49,773.87	1,487.13	51,261.00	50,330.00	931.00
Salaries of Other Professional Staff	158,535.50	(37,946.79)	120,588.71	97,831.67	22,757.04
Personal Services - Employee Benefits	394,435.11	18,988.69	413,423.80	402,816.48	10,607.32
Purchased Professional & Technical Services	146,299.99	124,263.09	270,563.08	226,423.77	44,139.31
Cleaning, Repair and Maintenance Services	60,679.22	(35,966.22)	24,713.00	9,610.24	15,102.76
Rentals	29,674.41	325.59	30,000.00	22,140.00	7,860.00
Other Purchased Services	268,177.81	38,558.42	306,736.23	224,474.27	82,261.96
Supplies and Materials	32,320.88	26,340.95	58,661.83	42,685.06	15,976.77
<b>Total Support Services</b>	<b>1,139,896.79</b>	<b>136,050.86</b>	<b>1,275,947.65</b>	<b>1,076,311.49</b>	<b>199,636.16</b>
Capital Outlay:					
Instructional Equipment	80,416.44	(13,544.45)	66,871.99	45,018.79	21,853.20
Non-Instructional Equipment	18,807.38	(18,807.38)			
<b>Total Capital Outlay</b>	<b>99,223.82</b>	<b>(32,351.83)</b>	<b>66,871.99</b>	<b>45,018.79</b>	<b>21,853.20</b>
<b>Total Expenditures</b>	<b>\$ 2,773,475.00</b>	<b>\$ 776,734.96</b>	<b>\$ 3,550,209.96</b>	<b>\$ 3,248,718.70</b>	<b>\$ 301,491.26</b>
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, 2017

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	\$ 63,694,243.20	\$ 3,248,718.70
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		10,413.68
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.		(27,233.00)
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.	2,220,724.00	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 2017.	<u>(2,250,145.00)</u>	<u>(10,230.00)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 63,664,822.20</u>	<u>\$ 3,231,899.38</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 63,091,608.53	\$ 3,248,718.70
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>-</u>	<u>10,413.68</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 63,091,608.53</u>	<u>\$ 3,259,132.38</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 Four Plan Years

	<b>Measurement Date Ending June 30,</b>			
	<u>2017</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.0892962353%	0.0886435742%	0.0923125078%	0.0853225517%
School District's Proportionate Share of the Net Pension Liability	\$ 26,446,984.00	\$ 19,898,706.00	\$ 17,283,426.00	\$ 16,306,835.00
School District's Covered Payroll (Plan Measurement Period)	\$ 6,641,884.00	\$ 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 its Covered Payroll	398.18%	301.67%	249.13%	254.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	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 Four Fiscal Years

	<u>Fiscal Year Ended June 30,</u>			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 880,015.00	\$ 793,295.00	\$ 762,097.00	\$ 761,011.00
Contributions in Relation to the Contractually Required Contribution	<u>(880,015.00)</u>	<u>(793,295.00)</u>	<u>(762,097.00)</u>	<u>(761,011.00)</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
School District's Covered Payroll (Fiscal Year)	\$ 7,010,477.00	\$ 6,258,971.00	\$ 6,012,465.00	\$ 6,007,127.00
Contributions as a Percentage of School District's Covered Payroll	12.55%	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 Four Plan Years

	<b>Measurement Date Ending June 30,</b>			
	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
School District's Proportion of the Net Pension Liability	0.00%	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>	<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>\$ 190,500,423.00</u>	<u>\$ 150,849,003.00</u>	<u>\$ 127,288,433.00</u>	<u>\$ 116,890,790.00</u>
	<u>\$ 190,500,423.00</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)	\$ 29,721,712.00	\$ 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 its Covered Payroll	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	640.95%	519.76%	453.37%	425.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	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 Ten Fiscal Years

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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, 2017

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**Teachers' Pension and Annuity Fund (TPAF)**

*Changes in Benefit Terms* - None

*Changes in Assumptions* - For 2016, the discount rate changed to 3.22% and the long-term expected rate of return changed to 7.65%. Further, the demographic assumptions were revised to reflect those recommended on the basis of the July 1, 2012 - June 30, 2015 experience study. For 2015, the discount rate changed to 4.13%. For 2014, the discount rate was at 4.68%.

**Public Employees' Retirement System (PERS)**

*Changes in Benefit Terms* - None

*Changes in Assumptions* - For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

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, 2017

N.C.L.B.

	<u>Total</u>	<u>Title I, Part A</u>	<u>Title II, Part A</u>	<u>Title III</u>	<u>Title III Immigrant</u>	<u>Preschool Development Grant - ARRA</u>	<u>Total Brought Forward</u>
<b>REVENUES:</b>							
Federal Sources	\$ 2,784,806.72	\$ 633,775.76	\$ 59,338.00	\$ 47,265.86	\$ 4,295.88	\$ 1,105,525.17	\$ 934,606.05
State Sources	446,976.29						446,976.29
Local Sources	16,935.69						16,935.69
<b>Total Revenues</b>	<u>\$ 3,248,718.70</u>	<u>\$ 633,775.76</u>	<u>\$ 59,338.00</u>	<u>\$ 47,265.86</u>	<u>\$ 4,295.88</u>	<u>\$ 1,105,525.17</u>	<u>\$ 1,398,518.03</u>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers	\$ 1,122,591.45	\$ 385,833.69		\$ 14,222.73		\$ 263,635.81	\$ 458,899.22
Other Salaries for Instruction	189,200.00					156,700.00	32,500.00
Purchased Professional & Educational Services	19,064.00						19,064.00
Tuition	500,000.00						500,000.00
General Supplies	265,782.02	59,508.99		29,402.43	\$ 2,146.66	53,436.51	121,287.43
Textbooks	29,420.95						29,420.95
Other Objects	1,330.00						1,330.00
<b>Total Instruction</b>	<u>2,127,388.42</u>	<u>445,342.68</u>	<u>-</u>	<u>43,625.16</u>	<u>2,146.66</u>	<u>473,772.32</u>	<u>1,162,501.60</u>
Support Services:							
Salaries of Principals / Assistant Principals	50,330.00					50,330.00	
Salaries of Other Professional Staff	97,831.67	40,738.99	\$ 50,035.00		931.00	5,941.13	185.55
Personal Services - Employee Benefits	402,816.48	77,666.09	3,826.00	1,088.04	71.22	269,719.33	50,445.80
Purchased Professional & Technical Services	226,423.77	7,200.00	5,477.00			103,689.00	110,057.77
Cleaning, Repair and Maintenance Services	9,610.24					9,610.24	
Rentals	22,140.00					22,140.00	
Other Purchased Services	224,474.27	56,344.26		1,163.90		161,976.11	4,990.00
Supplies and Materials	42,685.06	6,483.74		1,388.76		1,700.24	31,965.32
<b>Total Support Services</b>	<u>1,076,311.49</u>	<u>188,433.08</u>	<u>59,338.00</u>	<u>3,640.70</u>	<u>2,149.22</u>	<u>625,106.05</u>	<u>197,644.44</u>
Facilities Acquisition and Construction Services:							
Instructional Equipment	45,018.79					6,646.80	38,371.99
<b>Total Expenditures</b>	<u>\$ 3,248,718.70</u>	<u>\$ 633,775.76</u>	<u>\$ 59,338.00</u>	<u>\$ 47,265.86</u>	<u>\$ 4,295.88</u>	<u>\$ 1,105,525.17</u>	<u>\$ 1,398,518.03</u>
<b>Excess (Deficiency) of Revenues Over (Under Expenditures)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Special Revenue Fund  
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2017

	I.D.E.A. Part B				Race to the Top	Preschool Education Aid	Nonpublic Textbook Aid, Ch. 194, L. 1979	Total Brought Forward
	Total Carried Forward	Basic	Preschool					
<b>REVENUES:</b>								
Federal Sources	\$ 934,606.05	\$ 861,623.72	\$ 64,732.33	\$ 8,250.00			\$ 288,022.34	
State Sources	446,976.29						16,935.69	
Local Sources	16,935.69							
<b>Total Revenues</b>	<b>\$ 1,398,518.03</b>	<b>\$ 861,623.72</b>	<b>\$ 64,732.33</b>	<b>\$ 8,250.00</b>	<b>\$ 129,533.00</b>	<b>\$ 29,420.95</b>	<b>\$ 304,958.03</b>	
<b>EXPENDITURES:</b>								
Instruction:								
Salaries of Teachers	\$ 458,899.22	\$ 181,711.71	\$ 49,014.00		\$ 88,000.00		\$ 140,173.51	
Other Salaries for Instruction	32,500.00				32,500.00		1,754.00	
Purchased Professional & Educational Services	500,000.00	17,310.00						
Tuition	121,287.43	84,751.82	6,222.93				30,312.68	
General Supplies	29,420.95							
Textbooks	1,330.00		1,330.00				\$ 29,420.95	
Other Objects								
<b>Total Instruction</b>	<b>1,162,501.60</b>	<b>783,773.53</b>	<b>56,566.93</b>	<b>-</b>	<b>120,500.00</b>	<b>29,420.95</b>	<b>172,240.19</b>	
Support Services:								
Salaries of Principals / Assistant Principals	185.55						185.55	
Salaries of Other Professional Staff	50,445.80	14,140.01	8,165.40		9,033.00		19,107.39	
Personal Services - Employee Benefits	110,057.77	3,453.00					106,604.77	
Purchased Professional & Technical Services								
Cleaning, Repair and Maintenance Services								
Rentals	4,990.00							
Other Purchased Services	31,965.32	16,895.19		\$ 8,250.00			6,820.13	
Supplies and Materials								
<b>Total Support Services</b>	<b>197,644.44</b>	<b>39,478.20</b>	<b>8,165.40</b>	<b>8,250.00</b>	<b>9,033.00</b>	<b>-</b>	<b>132,717.84</b>	
Facilities Acquisition and Construction Services:								
Instructional Equipment	38,371.99							
<b>Total Expenditures</b>	<b>\$ 1,398,518.03</b>	<b>\$ 861,623.72</b>	<b>\$ 64,732.33</b>	<b>\$ 8,250.00</b>	<b>\$ 129,533.00</b>	<b>\$ 29,420.95</b>	<b>\$ 304,958.03</b>	
<b>Excess (Deficiency) of Revenues Over (Under Expenditures)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Special Revenue Fund  
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2017

	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		
<b>REVENUES:</b>								
Federal Sources								
State Sources	\$ 288,022.34	\$ 1,754.00	\$ 80,323.95	\$ 21,358.75	\$ 71,848.00	\$ 23,000.00	\$ 89,737.64	
Local Sources	16,935.69						16,935.69	
<b>Total Revenues</b>	<b>\$ 304,958.03</b>	<b>\$ 1,754.00</b>	<b>\$ 80,323.95</b>	<b>\$ 21,358.75</b>	<b>\$ 71,848.00</b>	<b>\$ 23,000.00</b>	<b>\$ 106,673.33</b>	
<b>EXPENDITURES:</b>								
Instruction:								
Salaries of Teachers	\$ 140,173.51		\$ 50,472.00		\$ 66,701.51	\$ 23,000.00		
Other Salaries for Instruction								
Purchased Professional & Educational Services	1,754.00	\$ 1,754.00						
Tuition								
General Supplies	30,312.68							
Textbooks								
Other Objects							\$ 30,312.68	
<b>Total Instruction</b>	<b>172,240.19</b>	<b>1,754.00</b>	<b>50,472.00</b>	<b>-</b>	<b>66,701.51</b>	<b>23,000.00</b>	<b>30,312.68</b>	
Support Services:								
Salaries of Principals / Assistant Principals								
Salaries of Other Professional Staff	185.55		185.55					
Personal Services - Employee Benefits	19,107.39		14,371.40		4,735.99			
Purchased Professional & Technical Services	106,604.77		15,295.00	\$ 21,358.75			69,951.02	
Cleaning, Repair and Maintenance Services								
Rentals								
Other Purchased Services	6,820.13				410.50		6,409.63	
Supplies and Materials								
<b>Total Support Services</b>	<b>132,717.84</b>	<b>-</b>	<b>29,851.95</b>	<b>21,358.75</b>	<b>5,146.49</b>	<b>-</b>	<b>76,360.65</b>	
Facilities Acquisition and Construction Services:								
Instructional Equipment								
<b>Total Expenditures</b>	<b>\$ 304,958.03</b>	<b>\$ 1,754.00</b>	<b>\$ 80,323.95</b>	<b>\$ 21,358.75</b>	<b>\$ 71,848.00</b>	<b>\$ 23,000.00</b>	<b>\$ 106,673.33</b>	
<b>Excess (Deficiency) of Revenues Over (Under Expenditures)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Special Revenue Fund  
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2017

	Total Carried Forward	Nonpublic Nursing Aid	Nonpublic Technology	Nonpublic Security	Atlanti Care Garden Grant	Atlanti Care School Health	Total Brought Forward
<b>REVENUES:</b>							
Federal Sources							
State Sources	\$ 89,737.64	\$ 47,467.63	\$ 13,376.99	\$ 28,893.02	\$ 623.44	\$ 45.17	\$ 16,267.08
Local Sources	16,935.69						
<b>Total Revenues</b>	<b>\$ 106,673.33</b>	<b>\$ 47,467.63</b>	<b>\$ 13,376.99</b>	<b>\$ 28,893.02</b>	<b>\$ 623.44</b>	<b>\$ 45.17</b>	<b>\$ 16,267.08</b>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers							
Other Salaries for Instruction							
Purchased Professional & Educational Services							
Tuition							
General Supplies	\$ 30,312.68		\$ 13,376.99		\$ 623.44	\$ 45.17	\$ 16,267.08
Textbooks							
Other Objects							
<b>Total Instruction</b>	<b>30,312.68</b>	<b>-</b>	<b>13,376.99</b>	<b>-</b>	<b>623.44</b>	<b>45.17</b>	<b>16,267.08</b>
Support Services:							
Salaries of Principals / Assistant Principals							
Salaries of Other Professional Staff							
Personal Services - Employee Benefits				\$ 28,893.02			
Purchased Professional & Technical Services	69,951.02	\$ 41,058.00					
Cleaning, Repair and Maintenance Services							
Rentals							
Other Purchased Services	6,409.63	6,409.63					
Supplies and Materials							
<b>Total Support Services</b>	<b>76,360.65</b>	<b>47,467.63</b>	<b>-</b>	<b>28,893.02</b>	<b>-</b>	<b>-</b>	<b>-</b>
Facilities Acquisition and Construction Services:							
Instructional Equipment							
<b>Total Expenditures</b>	<b>\$ 106,673.33</b>	<b>\$ 47,467.63</b>	<b>\$ 13,376.99</b>	<b>\$ 28,893.02</b>	<b>\$ 623.44</b>	<b>\$ 45.17</b>	<b>\$ 16,267.08</b>
<b>Excess (Deficiency) of Revenues Over (Under Expenditures)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Special Revenue Fund  
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2017

	<u>Total Carried Forward</u>	<u>Galloway Education Foundation</u>	<u>Raymour &amp; Flanigan Music Donation</u>	<u>Sustainable Jersey Small School</u>
<b>REVENUES:</b>				
Federal Sources				
State Sources	\$ 16,267.08	\$ 13,337.34	\$ 904.83	\$ 2,024.91
Local Sources				
<b>Total Revenues</b>	<u>\$ 16,267.08</u>	<u>\$ 13,337.34</u>	<u>\$ 904.83</u>	<u>\$ 2,024.91</u>
<b>EXPENDITURES:</b>				
Instruction:				
Salaries of Teachers				
Other Salaries for Instruction				
Purchased Professional & Educational Services				
Tuition				
General Supplies	\$ 16,267.08	\$ 13,337.34	\$ 904.83	\$ 2,024.91
Textbooks				
Other Objects				
<b>Total Instruction</b>	<u>16,267.08</u>	<u>13,337.34</u>	<u>904.83</u>	<u>2,024.91</u>
Support Services:				
Salaries of Principals / Assistant Principals				
Salaries of Other Professional Staff				
Personal Services - Employee Benefits				
Purchased Professional & Technical Services				
Cleaning, Repair and Maintenance Services				
Rentals				
Other Purchased Services				
Supplies and Materials				
<b>Total Support Services</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Facilities Acquisition and Construction Services:				
Instructional Equipment				
<b>Total Expenditures</b>	<u>\$ 16,267.08</u>	<u>\$ 13,337.34</u>	<u>\$ 904.83</u>	<u>\$ 2,024.91</u>
<b>Excess (Deficiency) of Revenues Over (Under Expenditures)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Special Revenue Fund  
 Schedule of Preschool Education Aid  
 Budgetary Basis  
 For the Fiscal Year Ended June 30, 2017

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 88,000.00	\$ 88,000.00	
Other Salaries for Instruction	<u>32,500.00</u>	<u>32,500.00</u>	
Total Instruction	<u>120,500.00</u>	<u>120,500.00</u>	-
Support Services:			
Employee Benefits	<u>9,033.00</u>	<u>9,033.00</u>	
Total Expenditures	<u>\$ 129,533.00</u>	<u>\$ 129,533.00</u>	-

Calculation of Budget and Carryover

Total Revised 2016-2017 Preschool Education Aid Allocation	\$ 102,300.00
Add: Actual ECPA Carryover (June 30, 2016)	47,944.55
Add: Budgeted Transfer from the General Fund 2016-2017	<u>-</u>
Total Preschool Education Aid Funds Available for 2016-2017 Budget	150,244.55
Less: 2016-2017 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>(129,533.00)</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2017	20,711.55
Add: 2016-2017 Unexpended Preschool Education Aid	-
Less: 2016-2017 Commissioner Approved Transfer to General Fund	<u>-</u>
2016-2017 Carryover -- Preschool Education Aid	<u>\$ 20,711.55</u>
2016-2017 Preschool Education Aid Carryover Budgeted in 2017-2018	<u>\$ 20,711.55</u>

CAPITAL PROJECTS FUND

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Capital Projects Fund  
 Summary Schedule of Project Expenditures  
 For the Fiscal Year Ended June 30, 2017

Project Title / Issue	Original Date	Appropriations	Expenditures to Date		Cancellations	Unexpended Balance June 30, 2017
			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	\$ 2,328,478.32		\$ 37,521.68	
Reeds Road - Fire Alarm Replacement State Project # 1690-045-14-1001-G04	7/1/2015	293,000.00	19,189.00	\$ 165,332.50		\$ 108,478.50
Roland Rogers Fire Alarm Replacement State Project # 1690-046-14-1002-G04	7/1/2015	332,000.00	20,000.00	178,199.50		133,800.50
Smithville Fire Alarm Replacement State Project # 1690-048-14-1005-G04	7/1/2015	332,000.00	97,048.00			234,952.00
		<u>\$ 3,323,000.00</u>	<u>\$ 2,464,715.32</u>	<u>\$ 343,532.00</u>	<u>\$ 37,521.68</u>	<u>\$ 477,231.00</u>
10 Canceled to Debt Service Fund					<u>\$ 37,521.68</u>	
Reconciliation to Governmental Funds Statements (GAAP):						
						\$ 477,231.00
						<u>(400,038.00)</u>
						\$ 77,193.00

Reconciliation to Governmental Funds Statements (GAAP):  
 Unexpended Balance as of June 30, 2017  
 SDA Grant Revenue Not Recognized on GAAP Basis

Fund Balance per Governmental Funds (GAAP)

**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, 2017

**Revenues and Other Financing Sources**

State Sources--EDA Grant		
Bond Proceeds and Transfers		
Transfer from Capital Reserve		
Transfer from (to) Other Local Projects		
<b>Total Revenues</b>		-

**Expenditures and Other Financing Uses**

Expenditures:		
Purchased Professional and Technical Services	\$ 8,311.00	
Construction Services	335,221.00	
<b>Total Expenditures</b>		\$ 343,532.00
Other Financing Uses:		
Cancellation of Authorized Costs:		
Transferred to Debt Service Fund		
Transferred to General Fund -- Capital Reserve		
Cancellation of SDA Grants	37,521.68	
<b>Total Other Financing Uses</b>		37,521.68
<b>Total Expenditures and Other Financing Uses</b>		381,053.68
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		(381,053.68)
<b>Fund Balance -- July 1</b>		858,284.68
<b>Fund Balance -- June 30</b>		\$ 477,231.00
Reconciliation to Governmental Funds Statements (GAAP):		
Fund Balance as of June 30, 2017	\$ 477,231.00	
SDA Grant Revenue Not Recognized on GAAP Basis	(400,038.00)	
<b>Fund Balance per Governmental Funds (GAAP)</b>		\$ 77,193.00

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, 2017

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources--EDA Grant				
Bond Proceeds and Transfers	\$ 2,366,000.00		\$ 2,366,000.00	\$ 2,366,000.00
Transfer from Capital Reserve				
Transfer from (to) Other Local Projects				
<b>Total Revenues</b>	<u>2,366,000.00</u>	<u>-</u>	<u>2,366,000.00</u>	<u>2,366,000.00</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	57,478.32		57,478.32	57,478.32
Construction Services	836,459.00		836,459.00	836,459.00
Transfer to General Fund -- Unrestricted	758,541.00		758,541.00	758,541.00
Transfer to Debt Service Fund	676,000.00	\$ 37,521.68	713,521.68	713,521.68
Transfer to General Fund -- Capital Reserve				
<b>Total Expenditures</b>	<u>2,328,478.32</u>	<u>37,521.68</u>	<u>2,366,000.00</u>	<u>2,366,000.00</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ 37,521.68</u>	<u>\$ (37,521.68)</u>	<u>-</u>	<u>-</u>

**Additional Project Information:**

Project Number	1690-016-09-1000
Grant Date	N/A
Bond Authorization Date	4/21/2009
Bonds Authorized	\$ 2,366,000.00
Bonds Issued	\$ 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	100.00%
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  
 Reeds Road Fire Alarm Replacement  
 For the Inception and for the Fiscal Year Ended June 30, 2017

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources--EDA Grant	\$ 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				
<b>Total Revenues</b>	<u>293,000.00</u>	<u>-</u>	<u>293,000.00</u>	<u>293,000.00</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	19,189.00	\$ 3,311.00	22,500.00	50,000.00
Construction Services		162,021.50	162,021.50	243,000.00
Transfer to General Fund -- Unrestricted				
Transfer to Debt Service Fund				
Transfer to General Fund -- Capital Reserve				
<b>Total Expenditures</b>	<u>19,189.00</u>	<u>165,332.50</u>	<u>184,521.50</u>	<u>293,000.00</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ 273,811.00</u>	<u>\$ (165,332.50)</u>	<u>\$ 108,478.50</u>	<u>-</u>
 Designated for Subsequent Years Expenditures			<u>\$ 108,478.50</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	62.98%
Original Target Completion Date	8/30/2016
Revised Target Completion Date	8/30/2017

**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, 2017

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources--EDA Grant	\$ 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				
<b>Total Revenues</b>	<u>332,000.00</u>	<u>-</u>	<u>332,000.00</u>	<u>332,000.00</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	20,000.00	\$ 5,000.00	25,000.00	70,000.00
Construction Services		173,199.50	173,199.50	262,000.00
Transfer to General Fund -- Unrestricted				
Transfer to Debt Service Fund				
Transfer to General Fund -- Capital Reserve				
<b>Total Expenditures</b>	<u>20,000.00</u>	<u>178,199.50</u>	<u>198,199.50</u>	<u>332,000.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 312,000.00</u>	<u>\$ (178,199.50)</u>	<u>\$ 133,800.50</u>	<u>-</u>
Designated for Subsequent Years Expenditures			<u>\$ 133,800.50</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	59.70%
Original Target Completion Date	8/30/2016
Revised Target Completion Date	8/30/2017

**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, 2017

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources--EDA Grant	\$ 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				
<b>Total Revenues</b>	<u>332,000.00</u>	<u>-</u>	<u>332,000.00</u>	<u>332,000.00</u>
<b>Expenditures and Other Financing Uses</b>				
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				
<b>Total Expenditures</b>	<u>97,048.00</u>	<u>-</u>	<u>97,048.00</u>	<u>332,000.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 234,952.00</u>	<u>-</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	8/30/2017



PROPRIETARY FUNDS

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Proprietary Funds  
 Business Type Activities - Enterprise Funds  
 Combining Statement of Net Position  
 June 30, 2017

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Gifted and Talented Consortium</u>	<u>Community Education</u>	<u>Total</u>
<b>ASSETS:</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 135,116.83	\$ 669,073.31	\$ 66,890.08	\$ 62,863.30	\$ 933,943.52
Accounts Receivable:					
Federal	76,820.86				76,820.86
State	1,125.04				1,125.04
Other	6,775.88	412.00			7,187.88
Interfund Accounts Receivable:					
Due General Fund			10.47		10.47
Inventories	23,887.68				23,887.68
<b>Total Current Assets</b>	<u>243,726.29</u>	<u>669,485.31</u>	<u>66,900.55</u>	<u>62,863.30</u>	<u>1,042,975.45</u>
<b>Noncurrent Assets:</b>					
<b>Capital Assets:</b>					
Furniture, Fixtures and Equipment	690,994.70				690,994.70
Less Accumulated Depreciation	(532,959.84)				(532,959.84)
<b>Total Noncurrent Assets</b>	<u>158,034.86</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,034.86</u>
<b>Total Assets</b>	<u>401,761.15</u>	<u>669,485.31</u>	<u>66,900.55</u>	<u>62,863.30</u>	<u>1,201,010.31</u>
<b>LIABILITIES:</b>					
<b>Current Liabilities:</b>					
Interfund Accounts Payable:					
Due General Fund	77,366.30	5,093.63		250.00	82,709.93
Compensated Absences	26,048.40				26,048.40
Capital Lease Payable	8,823.86				8,823.86
Unearned Revenue	16,880.98				16,880.98
<b>Total Current Liabilities</b>	<u>129,119.54</u>	<u>5,093.63</u>	<u>-</u>	<u>250.00</u>	<u>134,463.17</u>
<b>Noncurrent Liabilities:</b>					
Compensated Absences	104,193.62				104,193.62
Capital Lease Payable	29,018.88				29,018.88
<b>Total Noncurrent Liabilities</b>	<u>133,212.50</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,212.50</u>
<b>Total Liabilities</b>	<u>262,332.04</u>	<u>5,093.63</u>	<u>-</u>	<u>250.00</u>	<u>267,675.67</u>
<b>NET POSITION:</b>					
Net Investment in Capital Assets	158,034.86				158,034.86
Unrestricted (Deficit)	(18,605.75)	664,391.68	66,900.55	62,613.30	775,299.78
<b>Total Net Position</b>	<u>\$ 139,429.11</u>	<u>\$ 664,391.68</u>	<u>\$ 66,900.55</u>	<u>\$ 62,613.30</u>	<u>\$ 933,334.64</u>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Proprietary Funds  
 Business Type Activities - Enterprise Funds  
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
 For the Fiscal Year Ended June 30, 2017

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Gifted and Talented Consortium</u>	<u>Community Education</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>					
Charges for Services:					
Daily Sales - Reimbursable Programs:					
School Lunch Program	\$ 300,924.86				\$ 300,924.86
School Breakfast Program	27,213.40				27,213.40
Daily Sales - Non-Reimbursable Programs	176,672.66				176,672.66
Special Functions	13,415.89				13,415.89
Community Service Activities		\$ 394,271.15	\$ 29,026.35	\$ 22,995.94	446,293.44
<b>Total Operating Revenues</b>	<b>518,226.81</b>	<b>394,271.15</b>	<b>29,026.35</b>	<b>22,995.94</b>	<b>964,520.25</b>
<b>OPERATING EXPENSES:</b>					
Salaries	795,620.43	201,737.96	26,518.00	16,861.53	1,040,737.92
Employee Benefits	261,212.95	20,559.70	2,028.63	1,289.91	285,091.19
Purchased Property Services	31,878.93				31,878.93
General Supplies	63,375.93	8,367.52	1,523.30	3,151.59	76,418.34
Depreciation	18,011.45				18,011.45
Cost of Sales - Reimbursable Programs	588,173.54				588,173.54
Cost of Sales - Non-Reimbursable Programs	63,110.72				63,110.72
Miscellaneous	1,705.08	20,527.83		1,118.75	23,351.66
<b>Total Operating Expenses</b>	<b>1,823,089.03</b>	<b>251,193.01</b>	<b>30,069.93</b>	<b>22,421.78</b>	<b>2,126,773.75</b>
<b>Operating Income / (Loss)</b>	<b>(1,304,862.22)</b>	<b>143,078.14</b>	<b>(1,043.58)</b>	<b>574.16</b>	<b>(1,162,253.50)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
State Sources:					
State School Lunch Program	19,528.12				19,528.12
Federal Sources:					
National School Lunch Program	966,546.78				966,546.78
National School Breakfast Program	309,860.42				309,860.42
After School Snack Program	21,421.74				21,421.74
Summer Food Service Program for Children	11,131.65				11,131.65
Food Distribution Program	82,943.11				82,943.11
Local Sources:					
Administrative Fee	32,000.00				32,000.00
Interest Revenue	459.51	884.92	106.20	69.05	1,519.68
<b>Total Nonoperating Revenues (Expenses)</b>	<b>1,443,891.33</b>	<b>884.92</b>	<b>106.20</b>	<b>69.05</b>	<b>1,444,951.50</b>
<b>Change in Net Position</b>	<b>139,029.11</b>	<b>143,963.06</b>	<b>(937.38)</b>	<b>643.21</b>	<b>282,698.00</b>
<b>Net Position -- July 1</b>	<b>400.00</b>	<b>520,428.62</b>	<b>67,837.93</b>	<b>61,970.09</b>	<b>650,636.64</b>
<b>Net Position -- June 30</b>	<b>\$ 139,429.11</b>	<b>\$ 664,391.68</b>	<b>\$ 66,900.55</b>	<b>\$ 62,613.30</b>	<b>\$ 933,334.64</b>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
Proprietary Funds  
Business Type Activities - Enterprise Funds  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2017

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Gifted and Talented Consortium</u>	<u>Community Education</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from Customers	\$ 520,225.30	\$ 394,437.15	\$ 29,026.35	\$ 22,995.94	\$ 966,684.74
Payments to Employees	(800,849.45)	(201,737.96)	(26,518.00)	(16,861.53)	(1,045,966.94)
Payments for Employee Benefits	(261,212.95)	(20,559.70)	(2,028.63)	(1,289.91)	(285,091.19)
Payments to Suppliers	(747,228.97)	(28,895.35)	(1,523.30)	(4,270.34)	(781,917.96)
Net Cash Provided by (used for) Operating Activities	<u>(1,289,066.07)</u>	<u>143,244.14</u>	<u>(1,043.58)</u>	<u>574.16</u>	<u>(1,146,291.35)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>					
State Sources	19,224.67				19,224.67
Federal Sources	1,368,055.53				1,368,055.53
Local Sources	86,189.14				86,189.14
Operating Subsidies and Transfers to Other Funds	(180,172.58)	48.67	(273.07)	250.00	(180,146.98)
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>1,293,296.76</u>	<u>48.67</u>	<u>(273.07)</u>	<u>250.00</u>	<u>1,293,322.36</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Payment of Capital Lease	(10,716.00)	-	-	-	(10,716.00)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest Revenue	459.51	884.92	106.20	69.05	1,519.68
Net Increase (Decrease) in Cash and Cash Equivalents	(6,025.80)	144,177.73	(1,210.45)	893.21	137,834.69
Cash and Cash Equivalents -- July 1	141,142.63	524,895.58	68,100.53	61,970.09	796,108.83
Cash and Equivalents -- June 30	<u>\$ 135,116.83</u>	<u>\$ 669,073.31</u>	<u>\$ 66,890.08</u>	<u>\$ 62,863.30</u>	<u>\$ 933,943.52</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	\$ (1,304,862.22)	\$ 143,078.14	\$ (1,043.58)	\$ 574.16	\$ (1,162,253.50)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:					
Depreciation and Net Amortization	18,011.45				18,011.45
(Increase) Decrease in Accounts Receivable, net	2,891.01	166.00			3,057.01
(Increase) Decrease in Inventories	1,015.23				1,015.23
Increase (Decrease) in Unearned Revenue	(892.52)				(892.52)
Increase (Decrease) in Accrued Salaries Benefits	(5,229.02)				(5,229.02)
Total Adjustments	<u>15,796.15</u>	<u>166.00</u>	<u>-</u>	<u>-</u>	<u>15,962.15</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (1,289,066.07)</u>	<u>\$ 143,244.14</u>	<u>\$ (1,043.58)</u>	<u>\$ 574.16</u>	<u>\$ (1,146,291.35)</u>

FIDUCIARY FUNDS

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Fiduciary Funds  
 Combining Statement of Fiduciary Net Position  
 June 30, 2017

	Private Purpose Trust Fund	Agency Funds		Total
	Unemployment Compensation Trust	Student Activity	Payroll	
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 169,887.31	\$ 85,058.43	\$ 37,339.04	\$ 292,284.78
Interfund Accounts Receivable:				
Due Payroll Fund	19,452.54			19,452.54
<b>Total Assets</b>	<u>189,339.85</u>	<u>\$ 85,058.43</u>	<u>\$ 37,339.04</u>	<u>311,737.32</u>
<b>LIABILITIES:</b>				
Payable to Student Groups		\$ 85,058.43		85,058.43
Accounts Payable	7,731.23			7,731.23
Interfund Accounts Payable:				
Due Unemployment Trust Fund			\$ 19,452.54	19,452.54
Payroll Deductions and Withholdings			17,886.50	17,886.50
<b>Total Liabilities</b>	<u>7,731.23</u>	<u>\$ 85,058.43</u>	<u>\$ 37,339.04</u>	<u>130,128.70</u>
<b>NET POSITION:</b>				
Held in Trust for Unemployment Claims	<u>181,608.62</u>			<u>181,608.62</u>
<b>Total Net Position</b>	<u>\$ 181,608.62</u>			<u>\$ 181,608.62</u>

TOWNSHIP OF GALLOWAY SCHOOL DISTRICT  
Fiduciary Fund  
Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended June 30, 2017

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	<u>Private Purpose Trust Fund Unemployment Compensation Trust</u>
ADDITIONS:	
Payroll Deductions Withheld	\$ 58,899.18
Investment Earnings:	
Interest	<u>233.14</u>
Total Additions	<u>59,132.32</u>
DEDUCTIONS:	
Unemployment Claims	<u>29,888.29</u>
Change in Net Position	29,244.03
Net Position -- July 1	<u>152,364.59</u>
Net Position -- June 30	<u>\$ 181,608.62</u>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Fiduciary Funds  
 Student Activity Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2017

	Balance <u>June 30, 2016</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance <u>June 30, 2017</u>
<b>ELEMENTARY SCHOOLS:</b>				
Pomona	\$ 447.57	\$ 775.85	\$ 427.00	\$ 796.42
Arthur Rann	6,351.96	6,991.18	5,981.53	7,361.61
Reeds Road	14,427.19	9,500.48	10,037.76	13,889.91
Smithville	21,986.05	12,557.43	13,249.98	21,293.50
Roland Rogers	<u>9,579.33</u>	<u>6,767.36</u>	<u>8,117.54</u>	<u>8,229.15</u>
Total Elementary Schools	<u>52,792.10</u>	<u>36,592.30</u>	<u>37,813.81</u>	<u>51,570.59</u>
<b>MIDDLE SCHOOLS:</b>				
Galloway Township Middle	<u>31,747.81</u>	<u>40,460.52</u>	<u>38,720.49</u>	<u>33,487.84</u>
Total All Schools	<u>\$ 84,539.91</u>	<u>\$ 77,052.82</u>	<u>\$ 76,534.30</u>	<u>\$ 85,058.43</u>



**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Fiduciary Funds  
 Payroll Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2017

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 304,785.78	\$ 40,205,958.79	\$ 40,473,405.53	\$ 37,339.04
Interfund Accounts Receivable:				
Due General Fund		538.08	538.08	
Due Unemployment Fund	6.67		6.67	
<b>Total Assets</b>	<u>\$ 304,792.45</u>	<u>\$ 40,206,496.87</u>	<u>\$ 40,473,950.28</u>	<u>\$ 37,339.04</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 304,792.45	\$ 19,140,184.13	\$ 19,427,090.08	\$ 17,886.50
Net Payroll		21,007,413.56	21,007,413.56	
Interfund Accounts Payable:				
Due Unemployment Fund		58,899.18	39,446.64	19,452.54
<b>Total Liabilities</b>	<u>\$ 304,792.45</u>	<u>\$ 40,206,496.87</u>	<u>\$ 40,473,950.28</u>	<u>\$ 37,339.04</u>

LONG-TERM DEBT

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Schedule of Serial Bonds  
 For the Fiscal Year Ended June 30, 2017

<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, 2016</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2017</u>
School District Bonds -- Series 2009	7-1-09	\$ 2,366,000.00	3-1-18/24	\$ 169,000.00	4.750%	\$ 1,352,000.00	-	\$ 169,000.00	\$ 1,183,000.00

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Schedule of Obligations Under Capital Leases  
 For the Fiscal Year Ended June 30, 2017

Series	Date of Lease	Term of Lease	Amount of Original Issue		Interest Rate Payable	Amount Outstanding June 30, 2016(a)	Issued Current Year	Retired Current Year	Amount Outstanding June 30, 2017(a)
			Principal	Interest					
Computer Systems	2-1-14	5 Years	\$ 107,051.14	\$ 8,959.96	4.19%	\$ 43,643.70	\$ 21,374.23	\$ 22,269.47	
Computer Systems	7-1-16	5 Years	279,212.16	19,572.69	3.51%		59,756.97	219,455.19	
						\$ 43,643.70	\$ 81,131.20	\$ 241,724.66	

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

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Debt Service Fund  
 Budgetary Comparison Schedule  
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Debt Service Aid Type II	\$ 91,034.00	-	\$ 91,034.00	\$ 91,034.00	-
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	64,220.00		64,220.00	64,220.00	
Redemption of Principal	169,000.00		169,000.00	169,000.00	
Total Regular Debt Service	233,220.00	-	233,220.00	233,220.00	-
Total Expenditures	233,220.00	-	233,220.00	233,220.00	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(142,186.00)	-	(142,186.00)	(142,186.00)	-
Other Financing Sources:					
Operating Transfer In from Capital Projects Fund	-	-	-	37,521.68	\$ 37,521.68
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(142,186.00)	-	(142,186.00)	(104,664.32)	37,521.68
Fund Balance, July 1	169,000.99	-	169,000.99	169,000.99	-
Fund Balance, June 30	\$ 26,814.99	-	\$ 26,814.99	\$ 64,336.67	\$ 37,521.68

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,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 28,142,115.88	\$ 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
Restricted	12,689,906.93	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	4,184,881.03
Unrestricted	(20,993,384.90)	(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)
<b>Total Governmental Activities Net Position</b>	<b>\$ 19,838,637.91</b>	<b>\$ 22,391,082.07</b>	<b>\$ 20,621,251.00</b>	<b>\$ 35,814,871.02</b>	<b>\$ 34,656,147.70</b>	<b>\$ 34,500,935.43</b>	<b>\$ 32,092,976.90</b>	<b>\$ 28,403,359.43</b>	<b>\$ 26,334,973.64</b>	<b>\$ 22,847,522.77</b>
<b>Business-type Activities:</b>										
Net Investment in Capital Assets	\$ 158,034.86	\$ 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
Unrestricted	775,299.78	523,149.07	367,730.64	170,171.91	76,324.09	33,925.31	115,498.34	175,476.16	183,857.48	198,440.84
<b>Total Business-type Activities Net Position</b>	<b>\$ 933,334.64</b>	<b>\$ 650,636.64</b>	<b>\$ 455,442.09</b>	<b>\$ 257,384.98</b>	<b>\$ 171,116.36</b>	<b>\$ 130,088.96</b>	<b>\$ 228,234.53</b>	<b>\$ 291,280.76</b>	<b>\$ 315,344.89</b>	<b>\$ 329,189.61</b>
<b>District-wide:</b>										
Net Investment in Capital Assets	\$ 28,300,150.74	\$ 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
Restricted	12,689,906.93	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	4,184,881.03
Unrestricted	(20,218,085.12)	(19,296,878.24)	(18,626,334.58)	(143,409.96)	(363,188.37)	(499,951.30)	(430,595.22)	(1,314,152.78)	(780,421.56)	(201,894.41)
<b>Total District-wide Net Position</b>	<b>\$ 20,771,972.55</b>	<b>\$ 23,041,718.71</b>	<b>\$ 21,076,693.09</b>	<b>\$ 36,072,256.00</b>	<b>\$ 34,827,264.06</b>	<b>\$ 34,631,004.39</b>	<b>\$ 32,321,211.43</b>	<b>\$ 28,694,640.19</b>	<b>\$ 26,650,318.53</b>	<b>\$ 23,176,712.38</b>

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*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Expenses:</b>										
Governmental Activities:										
Instruction:										
Regular:	\$ 16,933,499.34	\$ 16,118,409.83	\$ 16,460,049.90	\$ 15,960,197.21	\$ 16,085,642.04	\$ 15,114,178.65	\$ 14,390,784.52	\$ 15,219,460.13	\$ 15,003,940.47	\$ 14,059,267.43
Special Education	9,072,417.06	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
Other Special Education	1,598,612.04	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
Other Instruction	91,165.84	92,185.96	85,188.77	87,156.16	83,385.89	60,099.82	49,136.36	107,338.55	107,698.68	89,940.44
Tuition	2,478,283.73	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	675,872.38	310,005.61
Support Services:										
Student and Instruction Related Services	6,308,933.43	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
School Administrative Services	1,975,011.39	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
Other Administrative Services	1,588,350.71	1,660,478.62	1,577,643.46	1,509,566.90	1,578,291.28	1,621,365.95	1,464,925.58	1,614,954.26	1,735,963.48	1,543,482.49
Plant Operations and Maintenance	4,806,520.07	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
Pupil Transportation	3,820,698.93	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
Unallocated Benefits	27,978,164.49	13,033,888.29	12,139,957.29	15,881,418.52	16,250,536.62	14,878,676.20	13,573,815.01	13,748,403.09	13,061,137.73	12,993,889.35
Reimbursed TPAF and Social Security	4,161,314.54	6,001,746.94	5,168,151.40							
Transfer to Charter School	320,584.00	46,631.00	739,010.00	732,969.00	855,139.00	1,112,099.00	1,237,362.00	1,815,653.00	1,597,496.00	1,192,085.00
Interest on Long-term Debt	57,816.64	111,866.22	217,409.41	302,519.26	485,093.95	397,342.55	531,499.97	573,968.95	579,059.15	679,538.52
Unallocated Depreciation	4,442.53	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
<b>Total Governmental Activities Expenses</b>	<b>81,165,811.74</b>	<b>65,161,452.19</b>	<b>63,278,431.24</b>	<b>60,710,156.14</b>	<b>60,551,548.13</b>	<b>56,970,309.23</b>	<b>55,050,859.76</b>	<b>58,966,387.93</b>	<b>56,455,373.43</b>	<b>53,640,636.19</b>
Business-type Activities:										
Food Service	1,823,089.03	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
Childcare Program	251,193.01	204,892.68	190,065.80	243,731.57	234,815.91	257,722.19	265,363.90	299,527.54	367,744.17	375,413.49
Gifted and Talented Consortium	30,069.93	31,768.46	30,375.65	31,617.53	28,463.29	24,888.49	27,109.19	28,047.28	28,047.28	26,552.11
Community Education	22,421.78	22,259.67	24,236.77	33,256.01	22,343.44	37,541.55	51,047.91	45,356.21	58,592.60	47,617.62
<b>Total Business-type Activities Expense</b>	<b>2,126,773.75</b>	<b>1,978,339.51</b>	<b>1,915,589.81</b>	<b>2,042,538.49</b>	<b>2,044,287.00</b>	<b>2,150,461.51</b>	<b>2,114,496.99</b>	<b>2,141,156.56</b>	<b>2,239,716.10</b>	<b>2,232,795.46</b>
<b>Total District Expenses</b>	<b>\$ 83,292,585.49</b>	<b>\$ 67,139,791.70</b>	<b>\$ 65,194,021.05</b>	<b>\$ 62,752,694.63</b>	<b>\$ 62,595,835.13</b>	<b>\$ 59,120,770.74</b>	<b>\$ 57,165,356.75</b>	<b>\$ 61,109,544.49</b>	<b>\$ 58,695,089.53</b>	<b>\$ 55,873,371.65</b>
<b>Program Revenues:</b>										
Governmental Activities:										
Operating Grants and Contributions	\$ 21,721,635.62	\$ 8,910,780.70	\$ 7,168,408.69	\$ 6,605,629.07	\$ 7,083,244.90	\$ 5,799,743.72	\$ 6,012,591.95	\$ 5,770,794.59	\$ 5,317,020.01	\$ 7,410,719.67
Charges for Services	399,984.60	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
<b>Total Governmental Activities Program Revenues</b>	<b>22,121,620.22</b>	<b>9,199,309.96</b>	<b>7,717,388.16</b>	<b>6,847,679.30</b>	<b>7,267,282.75</b>	<b>5,925,670.60</b>	<b>6,134,802.79</b>	<b>5,772,865.89</b>	<b>5,338,414.34</b>	<b>7,457,193.73</b>
Business-type activities:										
Charges for Services:										
Food service	518,226.81	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
Childcare Program	394,271.15	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
Gifted and Talented Consortium	29,026.35	32,857.70	36,210.00	38,480.00	33,235.00	28,645.00	27,540.00	29,485.00	33,829.39	33,325.00
Community Education and Recreation	22,895.94	24,961.11	27,864.10	27,125.00	23,715.00	21,937.00	33,306.90	39,664.77	57,080.41	55,207.60
Capital Grants and Contributions									3,097.00	6,000.00
Operating Grants and Contributions	1,443,431.82	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	861,846.76	772,145.28
<b>Total Business-type Activities Program Revenues</b>	<b>2,407,952.07</b>	<b>2,109,508.38</b>	<b>2,023,181.05</b>	<b>2,048,405.29</b>	<b>2,011,156.83</b>	<b>2,036,409.62</b>	<b>2,048,718.12</b>	<b>2,078,052.08</b>	<b>2,164,610.18</b>	<b>2,142,389.92</b>
<b>Total District Program Revenues</b>	<b>\$ 24,529,572.29</b>	<b>\$ 11,308,818.34</b>	<b>\$ 9,740,569.21</b>	<b>\$ 8,896,084.59</b>	<b>\$ 9,278,439.58</b>	<b>\$ 7,962,080.22</b>	<b>\$ 8,183,520.91</b>	<b>\$ 7,850,917.97</b>	<b>\$ 7,503,024.52</b>	<b>\$ 9,599,593.65</b>
<b>Net (Expense)/Revenue:</b>										
Governmental Activities	\$ (59,044,191.52)	\$ (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)
Business-type Activities	281,176.32	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)
<b>Total District-wide Net Expense</b>	<b>\$ (58,763,015.20)</b>	<b>\$ (55,830,973.36)</b>	<b>\$ (55,453,451.84)</b>	<b>\$ (53,856,610.04)</b>	<b>\$ (53,317,395.55)</b>	<b>\$ (51,158,690.52)</b>	<b>\$ (48,981,835.84)</b>	<b>\$ (53,258,626.52)</b>	<b>\$ (51,192,065.01)</b>	<b>\$ (46,273,778.00)</b>

(Continued)

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

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 31,447,108.00	\$ 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
Taxes Levied for Debt Service	24,790,739.39	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
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
Investment Earnings	253,899.97	296,839.81	302,466.90	284,618.11	212,683.29	239,256.85	103,727.97	163,574.08	126,282.00	202,436.40
Other		(7,095.73)	(91,462.97)	(80,150.27)	(73,465.14)	(20,461.38)	572,312.60	898,493.63	1,683,854.73	36,985.79
Donated Assets						3,999.00				
Transfers	56,491,747.36	57,731,973.30	56,674,258.06	55,021,200.16	53,439,477.65	53,452,597.16	(4,879.74)	(32,392.72)	22,543.11	(44,798.23)
<b>Total Governmental Activities</b>	<b>1,519,688</b>	<b>1,240.81</b>	<b>650.49</b>	<b>401.82</b>	<b>354.60</b>	<b>886.32</b>	<b>2,779.90</b>	<b>4,040.35</b>	<b>4,361.20</b>	<b>9,432.85</b>
Business-type Activities:										
Investment Earnings		55,689.14								
Insurance Recovery		7,095.73	89,815.38	80,000.00	73,822.97	15,000.00	(47.26)	35,000.00	56,900.00	41,300.00
Transfers	1,519,688	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
<b>Total Business-type Activities</b>	<b>1,519,688</b>	<b>64,025.68</b>	<b>90,465.87</b>	<b>80,401.82</b>	<b>74,177.57</b>	<b>15,886.32</b>	<b>2,732.64</b>	<b>39,040.35</b>	<b>61,261.20</b>	<b>50,732.85</b>
<b>Total District-wide</b>	<b>\$ 56,493,267.04</b>	<b>\$ 57,795,998.98</b>	<b>\$ 56,764,723.93</b>	<b>\$ 55,101,601.98</b>	<b>\$ 53,513,655.22</b>	<b>\$ 53,488,483.48</b>	<b>\$ 52,608,407.08</b>	<b>\$ 55,302,948.18</b>	<b>\$ 54,665,671.16</b>	<b>\$ 49,537,522.85</b>
<b>Change in Net Position:</b>										
Governmental Activities	\$ (2,552,444.16)	\$ 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
Business-type Activities	282,698.00	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)
<b>Total District</b>	<b>\$ (2,269,746.16)</b>	<b>\$ 1,965,025.62</b>	<b>\$ 1,311,272.09</b>	<b>\$ 1,244,991.94</b>	<b>\$ 196,259.67</b>	<b>\$ 2,309,792.96</b>	<b>\$ 3,626,571.24</b>	<b>\$ 2,044,321.66</b>	<b>\$ 3,473,606.15</b>	<b>\$ 3,263,744.85</b>

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,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Restricted	\$ 12,556,470.45	\$ 11,708,926.30	\$ 9,351,513.26	\$ 7,458,757.42	\$ 6,829,713.07	\$ 6,660,667.35	\$ 3,066,010.27	\$ 2,223,944.67	\$ 4,917,031.30	\$ 4,162,039.97
Assigned	779,528.65	785,869.71	515,562.82	415,983.60	918,122.16	731,173.95	1,566,778.27			
Unassigned	(679,985.32)	(691,208.06)	(676,986.34)	1,452,987.05	1,072,889.31	1,035,252.93	989,103.63	358,129.28	2,192,922.33	1,180,992.17
<b>Total General Fund</b>	<b>\$ 12,656,013.78</b>	<b>\$ 11,803,587.95</b>	<b>\$ 9,190,089.74</b>	<b>\$ 9,327,728.07</b>	<b>\$ 8,820,724.54</b>	<b>\$ 8,427,094.23</b>	<b>\$ 5,621,892.17</b>	<b>\$ 2,582,073.95</b>	<b>\$ 7,109,953.63</b>	<b>\$ 5,343,032.14</b>
All Other Governmental Funds:										
Reserved								\$ 1,672,991.00	\$ 1,595,000.00	
Restricted for:										
Capital Projects Fund	\$ 77,193.00	\$ 403,539.68	\$ 206,521.68	\$ 415,874.63	\$ 1,108,933.43	\$ 1,277,933.43	\$ 3,327,190.53	3,624,863.18	771,000.00	\$ 10,619.87
Special Revenue Fund	10,481.55	37,714.55	17,003.00							0.97
Debt Service Fund	64,336.67	169,000.99	169,000.49	169,001.49	169,000.99	1.25	0.75	274,000.50	1.00	
Unassigned:										
Special Revenue Fund				(10,230.00)	(10,230.00)	(10,230.00)	(10,230.00)	(10,230.00)	(10,230.00)	
<b>Total All Other Governmental Funds</b>	<b>\$ 152,011.22</b>	<b>\$ 610,255.22</b>	<b>\$ 392,525.17</b>	<b>\$ 574,646.12</b>	<b>\$ 1,267,704.42</b>	<b>\$ 1,267,704.68</b>	<b>\$ 3,316,961.28</b>	<b>\$ 5,561,614.68</b>	<b>\$ 2,355,771.00</b>	<b>\$ 10,620.84</b>

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,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Revenues:</b>										
Tax Levy	\$ 31,447,108.00	\$ 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
Other Local Revenue	671,640.20	612,325.41	870,784.50	577,319.59	441,898.15	427,082.47	829,707.72	1,080,917.24	1,849,878.03	302,491.15
Slate Sources	31,922,693.83	32,153,496.62	30,547,534.71	29,433,375.08	29,504,001.74	27,489,178.74	26,682,179.10	24,665,510.94	27,969,134.31	26,522,243.37
Federal Sources	3,001,020.55	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
<b>Total Revenue</b>	<b>67,042,462.58</b>	<b>66,938,378.99</b>	<b>64,483,109.19</b>	<b>61,949,029.73</b>	<b>60,780,225.54</b>	<b>59,398,729.14</b>	<b>58,741,357.97</b>	<b>61,069,166.44</b>	<b>59,920,281.19</b>	<b>56,988,781.96</b>
<b>Expenditures:</b>										
<b>Instruction</b>										
Regular Instruction	15,826,528.93	14,772,242.99	15,169,722.05	14,694,960.85	14,802,353.48	14,122,078.67	13,469,315.29	14,312,518.54	14,102,007.01	13,052,193.12
Special Education Instruction	8,479,338.39	8,084,952.45	7,875,954.97	7,981,034.76	7,828,659.01	6,658,925.40	7,515,955.95	7,900,741.03	7,109,988.15	7,485,380.39
Other Special Instruction	1,598,612.04	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
Other Instruction	91,165.84	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
Tuition	2,478,283.73	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	675,872.38	310,005.61
<b>Support Services:</b>										
Student and Instruction Related Services	6,301,110.18	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
School Administrative Services	1,906,768.87	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
Other Administrative Services	1,631,612.82	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	1,696,821.29	1,527,758.29
Plant Operations and Maintenance	4,649,835.55	4,082,544.45	3,606,700.96	3,696,043.31	3,459,950.21	3,280,615.91	3,404,653.96	3,817,166.16	3,908,487.06	3,463,828.42
Pupil Transportation	3,820,698.93	3,631,093.94	3,823,458.95	3,664,814.41	3,615,228.70	3,521,741.47	3,416,511.12	3,729,345.98	3,499,441.20	3,236,679.17
Unallocated Benefits	11,825,764.49	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
On-behalf of Pension and Social Security	6,903,862.54	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
Transfers to Charter School	320,584.00	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
<b>Debt Service:</b>										
Principal	169,000.00	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
Interest and Other Charges	64,220.00	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
Capital Outlay	860,106.60	236,573.92	2,484,123.95	2,001,394.40	278,789.99	1,652,447.90	1,941,101.82	2,638,324.88	728,580.45	684,497.06
<b>Total Expenditures</b>	<b>66,927,492.91</b>	<b>64,100,055.00</b>	<b>64,711,405.50</b>	<b>62,161,985.37</b>	<b>60,313,130.35</b>	<b>58,622,322.30</b>	<b>57,941,313.41</b>	<b>62,375,180.36</b>	<b>58,112,308.42</b>	<b>55,036,430.04</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>114,969.67</b>	<b>2,838,323.99</b>	<b>(228,296.31)</b>	<b>(212,955.64)</b>	<b>467,095.19</b>	<b>776,406.84</b>	<b>800,044.56</b>	<b>(1,306,013.92)</b>	<b>1,807,972.77</b>	<b>1,952,351.92</b>
<b>Other Financing Sources (Uses):</b>										
Capital Leases (Non-budgeted)	279,212.16			107,051.14				16,370.64	2,366,000.00	(3,498.23)
Sale of Bonds			(1,647.59)	(150.27)	357.83	(5,461.38)	(4,879.74)	2,607.28	(5,001.12)	(41,300.00)
Accounts Receivable/Payable Canceled		(7,095.73)	(89,815.38)	(80,000.00)	(73,822.97)	(15,000.00)		(35,000.00)	(56,900.00)	
Transfers Out										
<b>Total Other Financing Sources (Uses)</b>	<b>279,212.16</b>	<b>(7,095.73)</b>	<b>(91,462.97)</b>	<b>26,900.87</b>	<b>(73,465.14)</b>	<b>(20,461.38)</b>	<b>(4,879.74)</b>	<b>(16,022.08)</b>	<b>2,304,098.88</b>	<b>(44,798.23)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 394,181.83</b>	<b>\$ 2,831,228.26</b>	<b>\$ (319,759.28)</b>	<b>\$ (186,054.77)</b>	<b>\$ 393,630.05</b>	<b>\$ 755,945.46</b>	<b>\$ 795,164.82</b>	<b>\$ (1,322,036.00)</b>	<b>\$ 4,112,071.65</b>	<b>\$ 1,907,553.69</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>0.4%</b>	<b>2.6%</b>	<b>2.8%</b>	<b>3.0%</b>	<b>3.1%</b>	<b>3.4%</b>	<b>5.5%</b>	<b>4.7%</b>	<b>5.2%</b>	<b>5.6%</b>

Source: District Records

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Rentals	\$ 22,456.79					\$ 400.00	\$ 4,356.34	\$ 4,808.43	\$ 6,149.69	
Jury Duty				\$ 60.00	\$ 30.00	15.00	55.00			
Settlement				6,252.30						
Restitution	2,544.00	\$ 1,066.61	\$ 1,176.00	400.00		12.72	17,340.38	27,587.00		
Lost Book Fines						16.99				
Miscellaneous Refunds	75,394.54	108,427.80	131,072.70	5,191.97	2,596.34	121,477.20	2,815.31	5,180.47	2,182.15	
Energy Credits				18,018.00	38,359.70	33,399.11	177,204.30			
Insurance Refunds					173.32					
Rebates	86,636.70	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
Other	41,905.05	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
FEMA 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
Prior Year Refunds	3,881.29	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
Interest Earned on Deposits	21,081.60	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
<b>Total Miscellaneous Revenues</b>	<b>\$ 253,899.97</b>	<b>\$ 296,839.81</b>	<b>\$ 302,466.90</b>	<b>\$ 284,618.11</b>	<b>\$ 212,683.29</b>	<b>\$ 282,198.86</b>	<b>\$ 676,040.57</b>	<b>\$ 1,062,067.71</b>	<b>\$ 1,810,136.73</b>	<b>\$ 239,422.19</b>

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.

**GALLOWAY TOWNSHIP 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)
2017	\$ 71,322,300.00	\$ 2,221,750,400.00	\$ 33,342,000.00	\$ 301,982,900.00	\$ 3,470,300.00	\$ 61,759,900.00	\$ 2,693,627,800.00		\$ 2,693,627,800.00	\$ 825,423,097.00	\$ 2,765,815,587.00	\$ 1,180
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	2,698,246,200.00		2,698,246,200.00	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	2,995,060,935.00	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	2,965,724,000.00	36,966,800.00	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	3,675,729,800.00	10,247,088.00	3,685,976,888.00	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

(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		
2017	\$ 1.180		\$ 1.180	\$ 0.688	\$ 0.642	\$ 0.573	\$	3.083
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

(1) Revaluation

Source: Municipal Tax Collector



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

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Marriott Resorts, Inc.	\$ 38,959,500.00	1	1.45%			
Galloway Apartments, LLC	37,000,000.00	2	1.37%	\$ 24,499,500.00	1	1.27%
JSM at Galloway, LLC	31,246,300.00	3	1.16%			
Galloway Sen Prop	10,369,500.00	4	0.38%			
300 E. Jimmie Leeds Rd	9,200,000.00	5	0.34%	5,475,900.00	5	0.28%
Galloway National Golf Course	8,092,400.00	6	0.30%			
Galloway Real Property, LLC	7,800,000.00	7	0.29%			
338 WHP, LLC	7,412,100.00	8	0.28%			
One Madison, LLC	7,275,000.00	9	0.27%			
Towne of Historic Smithville	6,831,300.00	10	0.25%			
Seaview Hotel Investors				12,000,000.00	2	0.62%
NJ Bell Telephone				10,785,328.00	3	0.56%
Galloway Healthcare LP				7,004,600.00	4	0.36%
CNL Galloway LLC				4,482,000.00	6	0.23%
Route 27 Acquisition LLC				4,200,000.00	7	0.22%
Haiulao Smithville LLC				3,495,300.00	8	0.18%
BTR Tilton				3,398,500.00	9	0.18%
Fightwinds LLC				3,353,600.00	10	0.17%
<b>Total</b>	<b>\$ 164,186,100.00</b>		<b>6.10%</b>	<b>\$ 78,694,728.00</b>		<b>4.09%</b>

Source: Municipal Tax Assessor

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

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<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>	
2017	\$ 31,447,108.00	\$ 31,447,108.00	100.00%	
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

(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.

**GALLOWAY TOWNSHIP 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		
2017	\$ 1,183,000.00	-	\$ 241,724.66	-	-	\$ 1,424,724.66	Unavailable	Unavailable	
2016	1,352,000.00	-	43,643.70	-	-	1,395,643.70	Unavailable	\$ 37.97	
2015	2,906,000.00	-	64,158.67	-	-	2,970,158.67	0.18%	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	

135 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

**GALLOWAY TOWNSHIP 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)		
2017	\$ 1,183,000.00	-	\$ 1,183,000.00	0.04%	Unavailable
2016	1,352,000.00	-	1,352,000.00	0.05%	\$ 36.79
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

**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

**GALLOWAY TOWNSHIP SCHOOL DISTRICT**  
 Direct and Overlapping Governmental Activities Debt  
 As of December 31, 2016  
*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	\$ 1,352,000.00	\$ 1,352,000.00		
Greater Egg Harbor Regional High School District	26,035,669.88	26,035,669.88		
Galloway Township	<u>20,918,291.13</u>	<u>6,868,106.23</u>	\$ 14,050,184.90	\$ 14,050,184.90
	<u>48,305,961.01</u>	<u>34,255,776.11</u>	<u>14,050,184.90</u>	<u>14,050,184.90</u>
Overlapping Debt Apportioned to the Municipality: County of Atlantic: (2)				
General:				
Bonds	105,554,000.00	8,079,000.00	(4)	7,775,807.53 (6)
Loans	655,558.47			52,295.42 (6)
Notes	20,566,000.00			1,640,597.67 (6)
Bonds Issued by Other Public Bodies Guaranteed by the County Atlantic County Utilities Authority (3)	<u>92,000,000.00</u> <u>12,492,151.00</u>	<u>92,000,000.00</u> <u>12,492,151.00</u>		
	<u>231,267,709.47</u>	<u>112,571,151.00</u>	<u>118,696,558.47</u>	<u>9,468,700.63</u>
	\$ <u>279,573,670.48</u>	\$ <u>146,826,927.11</u>	\$ <u>132,746,743.37</u>	\$ <u>23,518,885.53</u>

Sources:

- (1) 2016 Annual Debt Statement
- (2) County's 2016 Annual Debt Statement
- (3) Utility Authority's 2016 Annual Audit
- (4) Includes County College Bonds
- (5) Deductible in accordance with N.J.S. 40:37A-80.
- (6) Such debt is allocated as a proportion of the Township's share of the total 2016 Equalized Value, which is 7.98%.  
 The source for this computation was the 2016 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.



## Demographic and Economic Information

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



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

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<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2016	36,753	Unavailable	Unavailable	6.6%
2015	37,291	\$ 1,629,430,245.00	\$ 43,695.00	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%

## 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



## 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.

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

Function/Program	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction	208	213	205	203	206	212	212	245	254	260
Regular	79	88	85	84	79	74	74	85	82	82
Special education	37	49	47	47	47	42	30	30	27	26
Other instruction	30	31	30	30	29	26	23	38	40	47
Support Services:										
Student & instruction related services	80	71	68	66	66	62	70	18	18	18
General administrative services	3	3	3	3	3	3	3	32	32	32
School administrative services	24	24	23	23	23	23	23	15	15	15
Business administrative services	6	6	6	6	6	6	6	1	1	1
Plant operations and maintenance	45	50	48	47	47	47	46	46	46	45
Pupil transportation	2	2	2	2	2	2	2	2	2	2
Food Service	25	25	24	26	27	35	36	36	36	35
Community Education and Recreation	2	2	2	2	2	2	2	2	2	2
<b>Total</b>	<b>541</b>	<b>564</b>	<b>543</b>	<b>539</b>	<b>537</b>	<b>534</b>	<b>527</b>	<b>550</b>	<b>555</b>	<b>565</b>

Source: District Records

## GALLOWAY TOWNSHIP 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				
2017	3,318	\$ 65,834,166.31	\$ 19,841.52	5.27%	354	11.2/1	11.2/1	3,288.8	3,138.0	-1.53%	95.41%
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%

Sources: District Records

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

	Fiscal Year Ended June 30,									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
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)	689	667	647	656	654	657	645	627	624	638
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)	demolished	demolished	demolished	demolished	demolished	demolished	demolished	closed	closed	closed
Enrollment	demolished	demolished	demolished	demolished	demolished	demolished	demolished	closed	closed	closed
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)	(A)	139	129	161
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)	130	119	107	85	92	72	94	185	175	181
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)	557	605	613	617	619	652	671	569	600	611
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)	540	525	535	532	546	552	539	559	580	583
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)	648	628	621	640	654	649	657	559	538	544
Enrollment										
South Egg Harbor School (1950)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6,625	6,625	6,625
Square Feet	n/a	n/a	n/a	n/a	n/a	n/a	n/a	105	105	105
Capacity (students)	demolished	demolished	demolished	demolished	demolished	demolished	demolished	closed	closed	closed
Enrollment										
<b><u>Middle School</u></b>										
Galloway Township Middle School (2000)	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Square Feet	900	900	900	900	900	900	900	900	900	900
Capacity (students)	754	755	759	807	824	832	872	866	908	949
Enrollment										
Number of Schools at June 30, 2017										
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

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

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

* School Facilities	Project # (s)	Fiscal Year Ended June 30,									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Galloway Middle School	016	\$ 510,462.77	\$ 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
Arthur Rann	015	176,055.14	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
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
Oceanville	030	29,072.02	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
Pomona	040	58,844.05	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
Reeds Road	045	266,186.14	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
Roland Rogers	046	172,711.77	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
Smithville	048	155,460.75	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
South Egg Harbor Administration	050	1,187.75	426.69	705.35	885.35	646.46	642.01	3,889.70	516.35	12,902.19	5,435.44
	999	49,859.03	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
<b>Total School Facilities</b>		<b>1,419,839.44</b>	<b>994,914.57</b>	<b>707,501.67</b>	<b>731,765.07</b>	<b>743,736.85</b>	<b>744,570.59</b>	<b>700,862.62</b>	<b>812,358.44</b>	<b>1,064,567.17</b>	<b>695,396.75</b>
Other Facilities		-	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>		<b>\$ 1,419,839.44</b>	<b>\$ 994,914.57</b>	<b>\$ 707,501.67</b>	<b>\$ 731,765.07</b>	<b>\$ 743,736.85</b>	<b>\$ 744,570.59</b>	<b>\$ 700,862.62</b>	<b>\$ 812,358.44</b>	<b>\$ 1,064,567.17</b>	<b>\$ 695,396.75</b>

\* 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

## GALLOWAY TOWNSHIP SCHOOL DISTRICT

Insurance Schedule

June 30, 2017

Unaudited

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		<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund:			
Property, Auto Physical Damage and Inland Marine	(A) \$	500,000,000.00	
Boiler and Machinery	(A)	100,000,000.00	
General and Auto Liability	(A)	5,000,000.00	
Environmental Impairment	(A)	2,000,000.00	
Workers Compensation	(A)	5,000,000.00	
School Leaders Liability Policy	(B)	5,000,000.00	
Public Employees Dishonesty	(B)	500,000.00	\$ 1,000.00
Zurich American Insurance			
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, 2017. 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, 2017.

### 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 02376

Voorhees, New Jersey  
November 14, 2017

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Schedule of Expenditures of Federal Awards, Schedule A  
 For the Fiscal Year Ended June 30, 2017

Pass-through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Pass-through Entity Identifying Number	Award Amount	Grant Period		Balance June 30, 2016	Carry-over Amount
					From	To		
<b>General Fund</b>								
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	1705NJ5MAP	N/A	\$ 9,751.66	4-1-09	12-31-10		
Special Education Medicaid Initiative	93.778	1605NJ5MAP	N/A	38,024.16	7-1-13	6-30-14	\$ (38,024.16)	
Special Education Medicaid Initiative	93.778	1605NJ5MAP	N/A	182,233.35	7-1-15	6-30-16	(113,154.73)	
Special Education Medicaid Initiative	93.778	1705NJ5MAP	N/A	178,264.37	7-1-16	6-30-17		
Medicaid Administrative Claiming Aid	93.778	1705NJ5MAP	N/A	18,604.06	7-1-16	6-30-17		
Total Medical Assistance Program (Medicaid)							(151,178.89)	-
Total General Fund							(151,178.89)	-
<b>Special Revenue Fund:</b>								
U.S. Department of Education:								
Passed-through State Department of Education:								
N.C.L.B.:								
Title I, Part A	84.010A	S010A150030	NCLB169016	505,455.00	7-1-15	6-30-16	(282,619.22)	\$ (22,178.00)
Title I, Part A	84.010A	S010A160030	NCLB169017	623,586.00	7-1-16	6-30-17		22,178.00
Total Title I, Part A							(282,619.22)	-
Title II, Part A, Improving Teacher Quality	84.367A	S367A150029	NCLB169016	66,442.00	7-1-15	6-30-16	(26,831.33)	(2,540.00)
Title II, Part A, Improving Teacher Quality	84.367A	S367A160029	NCLB169017	58,573.00	7-1-16	6-30-17		2,540.00
Total Title II, Part A, Improving Teacher Quality							(26,831.33)	-
Title III	84.365A	S365A150030	NCLB169016	27,060.00	7-1-15	6-30-16	(2,588.02)	(21,754.00)
Title III	84.365A	S365A160030	NCLB169017	26,582.00	7-1-16	6-30-17		21,754.00
Title III, Immigrant	84.365A	S365A160030	NCLB169017	4,592.00	7-1-16	6-30-17		
Total Title III							(2,588.02)	-
I.D.E.A. Part B:								
Special Education Cluster:								
Basic	84.027	H027A150100	FT169016	947,121.00	7-1-15	6-30-16	(89,861.72)	(70,251.00)
Basic	84.027	H027A160100	FT169017	904,930.00	7-1-16	6-30-17		70,251.00
Preschool	84.173	H173A150114	PS169016	37,941.00	7-1-15	6-30-16	(17,374.80)	(29,929.00)
Preschool	84.173	H173A160114	PS169017	38,300.00	7-1-16	6-30-17		29,929.00
Total I.D.E.A. Part B Special Education Cluster							(107,236.52)	-
Race to the Top:								
Race to the Top Phase 3								
	84.413A	B413A120008	N/A	8,250.00	6-1-16	11-30-16	-	-
ARRA - Preschool Development Grant	84.419B	S419B150020	N/A	1,065,421.00	4-15-15	6-30-16	(39,812.71)	(163,538.00)
ARRA - Preschool Development Grant	84.419B	S419B150020	N/A	1,065,421.00	7-1-16	6-30-17		163,538.00
Total Preschool Development Grant							(39,812.71)	-
Total Special Revenue Fund							(459,087.80)	-
<b>Enterprise Fund:</b>								
U.S. Department of Agriculture:								
Passed-through State Department of Education:								
Child Nutrition Cluster:								
School Breakfast Program	10.553	16161NJ304N1099	Unavailable	225,864.23	7-1-15	6-30-16	(11,426.74)	
School Breakfast Program	10.553	171NJ304N1099	Unavailable	309,860.42	7-1-16	6-30-17		
Food Distribution Program	10.555	16161NJ304N1099	Unavailable	86,961.73	7-1-15	6-30-16	3,823.41	
Food Distribution Program	10.555	171NJ304N1099	Unavailable	84,758.34	7-1-16	6-30-17		
After School Snack Program	10.555	16161NJ304N1099	Unavailable	16,070.04	7-1-15	6-30-16	(556.08)	
After School Snack Program	10.555	171NJ304N1099	Unavailable	21,421.74	7-1-16	6-30-17		
National School Lunch Program	10.555	16161NJ304N1099	Unavailable	820,679.77	7-1-15	6-30-16	(39,174.64)	
National School Lunch Program	10.555	171NJ304N1099	Unavailable	966,546.78	7-1-16	6-30-17		
Summer Food Service Program for Children	10.559	171NJ304N1099	Unavailable	11,131.65	7-1-16	6-30-17		
Total Child Nutrition Cluster							(47,334.05)	-
Total Enterprise Fund							(47,334.05)	-
Total Federal Financial Assistance							\$ (657,600.74)	-

(A) See Note 6 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, 2017		Due to Grantor
	Pass-through Funds	Direct Funds	Total Budgetary Expenditures				Accounts Receivable	Unearned Revenue	
\$ 9,751.66	\$ 9,751.66		\$ 9,751.66						
38,024.16									
113,154.73									
178,264.37	178,264.37		178,264.37						
18,604.06	18,604.06		18,604.06						
357,798.98	206,620.09	-	206,620.09	-	-	-	-	-	-
357,798.98	206,620.09	-	206,620.09	-	-	-	-	-	-
304,797.00					\$ 0.22				
506,784.00	633,775.76		633,775.76				\$ (116,802.00)	\$ 11,988.24	
811,581.00	633,775.76	-	633,775.76	-	0.22	-	(116,802.00)	11,988.24	-
29,371.00					0.33				
56,768.00	59,338.00		59,338.00				(1,805.00)	1,775.00	
86,139.00	59,338.00	-	59,338.00	-	0.33	-	(1,805.00)	1,775.00	-
24,342.00					0.02				
24,771.00	47,265.86		47,265.86				(1,811.00)	1,070.14	
2,149.00	4,295.88		4,295.88				(2,443.00)	296.12	
51,262.00	51,561.74	-	51,561.74	-	0.02	-	(4,254.00)	1,366.26	-
159,885.00					227.72				
762,280.00	861,623.72		861,623.72				(142,650.00)	113,557.28	
47,304.00					(0.20)				
28,922.00	64,732.33		64,732.33				(9,378.00)	3,496.67	
998,391.00	926,356.05	-	926,356.05	-	227.52	-	(152,028.00)	117,053.95	-
8,250.00	8,250.00	-	8,250.00	-	-	-	-	-	-
203,351.00					(0.29)				
751,792.00	1,105,525.17		1,105,525.17				(313,629.00)	123,433.83	-
955,143.00	1,105,525.17	-	1,105,525.17	-	(0.29)	-	(313,629.00)	123,433.83	-
2,910,766.00	2,784,806.72	-	2,784,806.72	-	227.80	-	(588,518.00)	255,617.28	-
11,426.74									
290,399.28	309,860.42		309,860.42				(19,461.14)		
	3,823.41		3,823.41						
84,758.34	82,943.11		82,943.11					1,815.23	
556.08									
20,452.52	21,421.74		21,421.74				(969.22)		
39,174.64									
910,156.28	966,546.78		966,546.78				(56,390.50)		
11,131.65	11,131.65		11,131.65						
1,368,055.53	1,395,727.11	-	1,395,727.11	-	-	-	(76,820.86)	1,815.23	-
1,368,055.53	1,395,727.11	-	1,395,727.11	-	-	-	(76,820.86)	1,815.23	-
\$ 4,636,620.51	\$ 4,387,153.92	-	\$ 4,387,153.92	-	\$ 227.80	-	\$ (665,338.86)	\$ 257,432.51	-

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Schedule of Expenditures of State Financial Assistance, Schedule B  
 For the Fiscal Year Ended June 30, 2017

State Grantor/ Program Title	State Project Number	Award Amount	Required Match	Grant Period		Balance June 30, 2016	
				From	To	Unearned Revenue / Accounts Receivable	Due to Grantor
<b>General Fund:</b>							
New Jersey Department of Education:							
Current Expense:							
State Aid - Public Cluster:							
Equalization Aid	16-495-034-5120-078	\$ 20,530,313.00	N/A	7-1-15	6-30-16	\$ (1,928,655.51)	
Equalization Aid	17-495-034-5120-078	20,531,501.00	N/A	7-1-16	6-30-17		
Categorical Special Education Aid	16-495-034-5120-089	1,973,337.00	N/A	7-1-15	6-30-16	(185,378.92)	
Categorical Special Education Aid	17-495-034-5120-089	1,996,732.00	N/A	7-1-16	6-30-17		
Categorical Security Aid	16-495-034-5120-084	730,204.00	N/A	7-1-15	6-30-16	(68,596.71)	
Categorical Security Aid	17-495-034-5120-084	739,892.00	N/A	7-1-16	6-30-17		
PARCC Readiness Aid	16-495-034-5120-098	33,240.00	N/A	7-1-15	6-30-16	(3,122.63)	
PARCC Readiness Aid	17-495-034-5120-098	33,240.00	N/A	7-1-16	6-30-17		
Per Pupil Growth Aid	16-495-034-5120-097	33,240.00	N/A	7-1-15	6-30-16	(3,122.63)	
Per Pupil Growth Aid	17-495-034-5120-097	33,240.00	N/A	7-1-16	6-30-17		
Professional Learning Community Aid	17-495-034-5120-101	32,185.00	N/A	7-1-16	6-30-17		
<b>Total State Aid - Public Cluster</b>						<b>(2,188,876.40)</b>	<b>-</b>
State Aid - Transportation:							
Categorical Transportation Aid	16-495-034-5120-014	339,014.00	N/A	7-1-15	6-30-16	(31,847.60)	
Categorical Transportation Aid	17-495-034-5120-014	389,818.00	N/A	7-1-16	6-30-17		
Additional Non-Public Transportation Aid	16-495-034-5120-014	41,586.00	N/A	7-1-15	6-30-16	(41,586.00)	
Additional Non-Public Transportation Aid	17-495-034-5120-014	41,064.00	N/A	7-1-16	6-30-17		
<b>Total State Aid - Transportation</b>						<b>(73,433.60)</b>	<b>-</b>
Extraordinary Aid	16-100-034-5120-044	409,466.00	N/A	7-1-15	6-30-16	(409,466.00)	
Extraordinary Aid	17-100-034-5120-044	610,925.00	N/A	7-1-16	6-30-17		
<b>Total Extraordinary Aid</b>						<b>(409,466.00)</b>	<b>-</b>
Homeless Tuition Aid	16-495-034-5120-005	3,224.00	N/A	7-1-15	6-30-16	(3,224.00)	
Homeless Tuition Aid	17-495-034-5120-005	60,466.00	N/A	7-1-16	6-30-17		
<b>Total Homeless Tuition Aid</b>						<b>(3,224.00)</b>	<b>-</b>
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	1,754,267.94	N/A	7-1-15	6-30-16	(89,116.87)	
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	1,873,195.54	N/A	7-1-16	6-30-17		
<b>Total Reimbursed TPAF Social Security Contributions</b>						<b>(89,116.87)</b>	<b>-</b>
Lead Water Testing for Schools Aid	17-495-034-5120-104	13,715.00	N/A	1-1-16	6-30-17	-	-
<b>Total General Fund</b>						<b>(2,764,116.87)</b>	<b>-</b>
<b>Special Revenue Fund:</b>							
New Jersey Department of Education:							
Nonpublic Aid:							
Nursing Services	16-100-034-5120-070	52,470.00	N/A	7-1-15	6-30-16		\$ 408.00
Nursing Services	17-100-034-5120-070	48,420.00	N/A	7-1-16	6-30-17		
Textbook Aid (Ch. 194)	16-100-034-5120-064	33,290.00	N/A	7-1-15	6-30-16		3,721.00
Textbook Aid (Ch. 194)	17-100-034-5120-064	31,011.00	N/A	7-1-16	6-30-17		
Technology	16-100-034-5120-373	15,158.00	N/A	7-1-15	6-30-16		1,338.00
Technology	17-100-034-5120-373	13,988.00	N/A	7-1-16	6-30-17		
Security	16-100-034-5120-509	16,975.00	N/A	7-1-15	6-30-16		1,776.00
Security	17-100-034-5120-509	30,300.00	N/A	7-1-16	6-30-17		
Auxiliary Services (Ch. 192)							
Compensatory Education	16-100-034-5120-067	80,373.00	N/A	7-1-15	6-30-16		10,389.00
Compensatory Education	17-100-034-5120-067	83,309.00	N/A	7-1-16	6-30-17		
Home Instruction	16-100-034-5120-067	8,447.00	N/A	7-1-15	6-30-16	(8,447.00)	
Home Instruction	17-100-034-5120-067	1,754.00	N/A	7-1-16	6-30-17		
Handicapped Services (Ch. 193)							
Corrective Speech	16-100-034-5120-066	25,082.00	N/A	7-1-15	6-30-16		8,590.00
Corrective Speech	17-100-034-5120-066	31,806.00	N/A	7-1-16	6-30-17		
Supplementary Instruction	16-100-034-5120-066	33,416.00	N/A	7-1-15	6-30-16		1,928.00
Supplementary Instruction	17-100-034-5120-066	47,082.00	N/A	7-1-16	6-30-17		
Examination and Classification	16-100-034-5120-066	70,544.00	N/A	7-1-15	6-30-16		30,254.00
Examination and Classification	17-100-034-5120-066	71,848.00	N/A	7-1-16	6-30-17		
<b>Total Nonpublic Aid:</b>						<b>(8,447.00)</b>	<b>58,404.00</b>
Preschool Education Aid	15-495-034-5120-086	102,300.00	N/A	7-1-14	6-30-15	27,233.00	
Preschool Education Aid	16-495-034-5120-086	102,300.00	N/A	7-1-15	6-30-16	10,481.55	
Preschool Education Aid	17-495-034-5120-086	102,300.00	N/A	7-1-16	6-30-17		
<b>Total Preschool Education Aid</b>						<b>37,714.55</b>	<b>-</b>
<b>Total Special Revenue Fund</b>						<b>29,267.55</b>	<b>58,404.00</b>
<b>Capital Projects Fund:</b>							
School Development Authority	1690-045-14-1001	139,227.00	\$ 153,773.00	7-1-15	Completion	134,584.00	
School Development Authority	1690-046-14-1002	157,759.00	174,241.00	7-1-15	Completion	154,241.00	
School Development Authority	1690-048-14-1005	157,759.00	174,241.00	7-1-15	Completion	77,193.00	
<b>Total Capital Projects Fund</b>						<b>366,018.00</b>	<b>-</b>
<b>Debt Service Fund:</b>							
New Jersey Department of Education:							
School Construction Debt Service Aid	17-495-034-5120-075	91,034.00	N/A	7-1-16	6-30-17	-	-
<b>Enterprise Fund:</b>							
New Jersey Department of Agriculture:							
Child Nutrition Cluster:							
State School Lunch Aid	16-100-010-3350-023	17,648.33	N/A	7-1-15	6-30-16	(821.59)	
State School Lunch Aid	17-100-010-3350-023	19,528.12	N/A	7-1-16	6-30-17		
<b>Total Enterprise Fund</b>						<b>(821.59)</b>	<b>-</b>
<b>Total State Financial Assistance subject to Major Program Determination for Sale Single Audit</b>						<b>(2,369,652.91)</b>	<b>58,404.00</b>
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:							
<b>General Fund (Non-Cash Assistance):</b>							
New Jersey Department of the Treasury:							
TPAF Post Retirement Medical	17-495-034-5094-001	2,285,169.00	N/A	7-1-16	6-30-17		
Teacher's Pension & Annuity Fund	17-495-034-5094-002	2,646,657.00	N/A	7-1-16	6-30-17		
TPAF Non-Contributory Insurance	17-495-034-5094-004	95,894.00	N/A	7-1-16	6-30-17		
TPAF Long-Term Disability Insurance	17-495-034-5094-004	2,947.00	N/A	7-1-16	6-30-17		
<b>Total General Fund (Non-Cash Assistance)</b>						<b>-</b>	<b>-</b>
<b>Total State Financial Assistance</b>						<b>\$ (2,369,652.91)</b>	<b>\$ 58,404.00</b>

(A) See Note 6 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, 2017			Memo	
					Accounts Receivable	Unearned Revenue / Interfund Payable	Due to Grantor	Budgetary Receivable June 30, 2017	Cumulative Total Expenditures
\$ 1,928,655.51	\$ 20,531,501.00				\$ (1,944,674.67)			\$ (1,944,674.67)	\$ 20,531,501.00
18,586,826.33									
185,378.92									
1,807,608.27	1,996,732.00				(189,123.73)			(189,123.73)	1,996,732.00
68,595.71									
669,802.87	739,882.00				(70,079.13)			(70,079.13)	739,882.00
3,122.63									
30,091.62	33,240.00				(3,148.38)			(3,148.38)	33,240.00
3,122.63									
30,091.62	33,240.00				(3,148.38)			(3,148.38)	33,240.00
29,136.54	32,185.00				(3,048.46)			(3,048.46)	32,185.00
23,342,433.65	23,366,780.00	-	-	-	(2,213,222.75)	-	-	(2,213,222.75)	23,366,780.00
31,847.60									
352,895.75	389,818.00				(36,922.25)			(36,922.25)	389,818.00
41,586.00									
426,329.35	41,064.00				(41,064.00)				41,064.00
409,466.00	430,882.00	-	-	-	(77,986.25)	-	-	(36,922.25)	430,882.00
409,466.00	610,925.00				(610,925.00)				610,925.00
3,224.00	610,925.00	-	-	-	(610,925.00)	-	-	-	610,925.00
3,224.00	60,466.00				(60,466.00)				60,466.00
89,116.87	60,466.00				(60,466.00)				60,466.00
1,780,209.41	1,873,195.54				(92,986.13)				1,873,195.54
1,869,326.28	1,873,195.54	-	-	-	(92,986.13)	-	-	-	1,873,195.54
-	13,715.00				(13,715.00)				13,715.00
26,050,779.28	26,355,963.54	-	-	-	(3,069,301.13)	-	-	(2,250,145.00)	26,355,963.54
48,420.00	47,467.63		\$ (0.37)	\$ 408.00			\$ 952.00		47,467.63
31,011.00	29,420.95		(0.05)	3,721.00			1,590.00		29,420.95
13,988.00	13,376.99		(0.01)	1,338.00			611.00		13,376.99
30,300.00	28,893.02		0.02	1,776.00			1,407.00		28,893.02
83,309.00	80,323.95		(0.05)	10,389.00			2,985.00		80,323.95
8,447.00	1,754.00				(1,754.00)				1,754.00
31,806.00	23,000.00			8,590.00			8,806.00		23,000.00
47,082.00	21,358.75		(0.25)	1,928.00			25,723.00		21,358.75
71,848.00	71,848.00			30,254.00					71,848.00
366,211.00	317,443.29	-	(0.71)	58,404.00	(1,754.00)	-	42,074.00	-	317,443.29
10,230.00	27,233.00								102,300.00
92,070.00	102,300.00				(10,230.00)	\$ 20,711.55		(10,230.00)	81,888.45
102,300.00	129,533.00	-	-	-	(10,230.00)	20,711.55	-	(10,230.00)	102,300.00
468,511.00	446,976.29	-	(0.71)	58,404.00	(11,984.00)	20,711.55	42,074.00	(10,230.00)	286,188.45
-	165,332.50				(139,227.00)	108,478.50			603,631.74
-	178,199.50				(157,759.00)	133,800.50			184,521.50
-	343,532.00	-	-	-	(454,745.00)	477,231.00	-	-	198,199.50
91,034.00	91,034.00	-	-	-					97,048.00
821.59	19,528.12				(1,125.04)				479,769.00
18,403.08	19,528.12				(1,125.04)				91,034.00
19,224.67	19,528.12	-	-	-	(1,125.04)	-	-	-	19,528.12
26,629,548.95	27,257,033.95	-	(0.71)	58,404.00	(3,537,155.17)	497,942.55	42,074.00	(2,260,375.00)	27,549,926.40
2,285,169.00	2,285,169.00								2,285,169.00
2,646,657.00	2,646,657.00								2,646,657.00
95,894.00	95,894.00								95,894.00
2,947.00	2,947.00								2,947.00
5,030,667.00	5,030,667.00	-	-	-					5,030,667.00
\$ 31,660,215.95	\$ 32,287,700.95	-	\$ (0.71)	\$ 58,404.00	\$ (3,537,155.17)	\$ 497,942.55	\$ 42,074.00	\$ (2,260,375.00)	\$ 32,580,593.40

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2017

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**Note 1: BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal awards and state financial assistance (“the schedules”) 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. 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 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 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.

**Note 3: INDIRECT COST RATE**

The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements present the general fund and 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 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONT'D)**

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is (\$29,421.00) for the general fund and (\$16,819.32) 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	\$ 206,620.09	\$ 31,357,209.54	\$ 31,563,829.63
Special Revenue	2,794,400.46	446,976.29	3,241,376.75
Capital Projects		343,532.00	343,532.00
Debt Service		91,034.00	91,034.00
Food Service	1,395,727.11	19,528.12	1,415,255.23
Total Awards and Financial Assistance	<u>\$ 4,396,747.66</u>	<u>\$ 32,258,279.95</u>	<u>\$ 36,655,027.61</u>

**Note 5: 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 6: ADJUSTMENTS**

Amounts reported in the column entitled "adjustments" in the Schedule of Expenditures of Federal Awards represent favorable differences incurred in the liquidation of encumbrances charged as budgetary basis expenditures in fiscal year 2015-2016 and minor rounding differences. The amounts reported in the column entitled "adjustments" in the Schedule of Expenditures of State Financial Assistance represent minor rounding differences.

**Note 7: REIMBURSED AND ON-BEHALF PAYMENTS**

During the fiscal year ended June 30, 2017, 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 costs, non-contributory insurance, post-retirement medical costs and long-term disability insurance related to TPAF members.

**Note 8: SCHOOLWIDE PROGRAM FUNDS**

Schoolwide programs are not separate federal programs as defined in the Uniform Guidance; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the schedule. The following funds by program are included in schoolwide programs in the School District:

**Program**

Title I, Part A: <i>Grants to Local Educational Agencies</i>	\$ <u>80,351.88</u>
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**Note 9: 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, 2017

**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>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
		Child Nutrition Cluster:
<u>10.553</u>	<u>171NJ304N1099</u>	<u>School Breakfast Program</u>
<u>10.555</u>	<u>171NJ304N1099</u>	<u>Food Distribution Program</u>
<u>10.555</u>	<u>171NJ304N1099</u>	<u>After School Snack Program</u>
<u>10.555</u>	<u>171NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.559</u>	<u>171NJ304N1099</u>	<u>Summer Food Service Program</u>
<u>93.788</u>	<u>1705NJ5MAP</u>	<u>Special Education Medicaid Initiative</u>
<u>93.788</u>	<u>1705NJ5MAP</u>	<u>Medicaid Administrative Claiming Aid</u>

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

Auditee qualified as low-risk auditee? X yes \_\_\_ no

GALLOWAY TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2017

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

State Financial Assistance

Internal control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with New Jersey Circular 15-08-OMB? \_\_\_ yes \_\_\_ X no

Identification of major programs:

GMIS Number(s)

Name of State Program

Table with 2 columns: GMIS Number(s) and Name of State Program. Rows include: 17-495-034-5120-089 (Categorical Special Education Aid), 17-495-034-5120-078 (Equalization Aid), 17-495-034-5120-084 (Categorical Security Aid), 17-495-034-5120-098 (PARCC Readiness), 17-495-034-5120-097 (Per Pupil Growth Aid), 17-495-034-5120-101 (Professional Learning Community Aid), 17-495-034-5120-014 (Categorical Transportation Aid), 17-495-034-5120-014 (Non-Public Transportation Aid).

Dollar threshold used to determine Type A programs \$817,711.00

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, 2017

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***Section 2- Schedule of Financial Statement Findings***

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

None.

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2017

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***Section 3- Schedule of Federal Award Findings and Questioned Costs***

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by 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, 2017

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by 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

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



