

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



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2012**

PENNSAUKEN TOWNSHIP SCHOOL DISTRICT
Table of Contents

INTRODUCTORY SECTION	<u>Page</u>
Letter of Transmittal	2
Organizational Chart	9
Roster of Officials	10
Consultants and Advisors	11
FINANCIAL SECTION	
Independent Auditor's Report	13
Required Supplementary Information – Part I Management’s Discussion and Analysis	18
Basic Financial Statements	
A. District-Wide Financial Statements:	
A-1 Statement of Net Assets	27
A-2 Statement of Activities	28
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	30
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	31
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	32
Proprietary Funds:	
B-4 Statement of Net Assets	33
B-5 Statement of Revenues, Expenses and Changes in Fund Net Assets	34
B-6 Statement of Cash Flows	35
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	36
B-8 Statement of Changes in Fiduciary Net Assets	37
Notes to the Financial Statements	38
Required Supplementary Information – Part II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	64
C-1a Combining Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual	N/A
C-1b Budgetary Comparison Schedule – General Fund -- Education Jobs Fund 18	75
C-2 Special Revenue Fund	76
C-3 Budget-to-GAAP Reconciliation	78

PENNSAUKEN TOWNSHIP SCHOOL DISTRICT
Table of Contents (Cont'd)

	<u>Page</u>
Required Supplementary Information – Part III	
RSI-1 Required Supplementary Information	80
Notes to the Required Supplementary Information	81
Other Supplementary Information	
D. School Based Budget Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures – Budgetary Basis	84
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis	88
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	90
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budgetary Basis	91
F-2a Schedule(s) of Project Revenues, Expenditures, Project Balance and -2g Project Status - Budgetary Basis	92
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Statement of Net Assets	100
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	101
G-3 Combining Statement of Cash Flows	102
Internal Service Fund:	
G-4 Combining Statement of Net Assets	N/A
G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	N/A
G-6 Combining Statement of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Assets	104
H-2 Combining Statement of Changes in Fiduciary Net Assets	105
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	106
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	107

PENNSAUKEN TOWNSHIP SCHOOL DISTRICT
Table of Contents (Cont'd)

	Page
Other Supplementary Information (Cont'd)	
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	109
I-2 Schedule of Obligations under Capital Leases	110
I-3 Debt Service Fund Budgetary Comparison Schedule	111
STATISTICAL SECTION (Unaudited)	
Introduction to the Statistical Section	
Financial Trends	
J-1 Net Assets by Component	114
J-2 Changes in Net Assets	115
J-3 Fund Balances—Governmental Funds	117
J-4 Changes in Fund Balances—Governmental Funds	118
J-5 General Fund Other Local Revenue by Source	119
Revenue Capacity	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	121
J-7 Direct and Overlapping Property Tax Rates	122
J-8 Principal Property Taxpayers	123
J-9 Property Tax Levies and Collections	124
Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	126
J-11 Ratios of General Bonded Debt Outstanding	127
J-12 Direct and Overlapping Governmental Activities Debt	128
J-13 Legal Debt Margin Information	129
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	131
J-15 Principal Employers	132
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	134
J-17 Operating Statistics	135
J-18 School Building Information	136
J-19 Schedule of Required Maintenance Expenditures by School Facility	137
J-20 Insurance Schedule	138
SINGLE AUDIT SECTION	
K-1 Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	15
K-2 Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and State of New Jersey Circular 04-04-OMB	140
K-3 Schedule of Expenditures of Federal Awards, Schedule A	143
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	145
K-5 Notes to the Schedules of Awards and Financial Assistance	147
K-6 Schedule of Findings and Questioned Costs	149
K-7 Summary Schedule of Prior Audit Findings	153

INTRODUCTORY SECTION

PENNSAUKEN PUBLIC SCHOOLS

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

December 3, 2012

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

Dear Board Members:

The comprehensive annual financial report of the Pennsauken School System for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included:

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

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

The financial section includes:

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

The statistical section includes:

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

The District is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORT ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular and classified students Pre-K through 12. The District enrollment for the 2011-2012 school year was 5,383. This was a decrease of 92 students over the enrollment for 2010-2011. Student enrollment counts for the past ten years as reported on the ASSA are detailed below:

<u>YEAR</u>	<u>STUDENT ENROLLMENT</u>	<u>PERCENT CHANGE</u>
2011-12	5383	(1.68%)
2010-11	5475	(.09%)
2009-10	5480	.07%
2008-09	5476	(.81%)
2007-08	5521	(2.24%)
2006-07	5648	(2.01%)
2005-06	5764	(2.70%)
2004-05	5924	(0.65%)
2003-04	5963	(2.80%)
2002-03	6135	0.16%

2) ECONOMIC CONDITION AND OUTLOOK:

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

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

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

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

3) MAJOR INITIATIVES:

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

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

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

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

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

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

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

3) MAJOR INITIATIVES (CONT'D):

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

Our major educational initiatives will continue to be:

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

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

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

Since December 2011, the administration staff and Board of Education have discussed student achievement data analysis including NJASK 6 year analysis, SAT, AP, Science, Scantron Benchmarks; and Reading Levels. During the summer 2012, the administration presented the school board with the graduation dropout rate and the need for credit recovery programs. Data shared were Pennsauken Gap: Local & National Demographic and Economic Data; Comparison of NJ ASK & NAEP; NJASK 2012 AYP Performance Results.

Currently, the district is collaborating with partners on several strategies. The administration is working with the NJDOE Office of Safety and Security in the Tier 1 District, Making Our Schools Safe (M.O.S.S.). Together with local emergency responders, the district developed a more comprehensive school safety emergency plan to further sustain a positive school climate and culture.

In an effort to increase and communicate high expectations for greater positive student behavior, the district developed the Code of Conduct in collaboration with district staff, parents, students, and community-at large and Board Adopted on August 2012. Currently, we are training staff on Restorative Practices and implementing a Credit Recovery Program for particularly over-aged students with a history of continuous behavior misconduct and non-credit status.

3) MAJOR INITIATIVES (CONT'D):

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

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

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

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

3) INTERNAL ACCOUNTING CONTROLS:

Management of the Pennsauken Township School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statement in conformity with accounting principles generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

4) INTERNAL ACCOUNTING CONTROLS (CONT'D):

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

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

5) BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2012.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 1. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8) RISK MANAGEMENT:

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

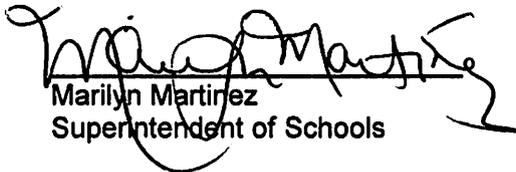
9) OTHER INFORMATION:

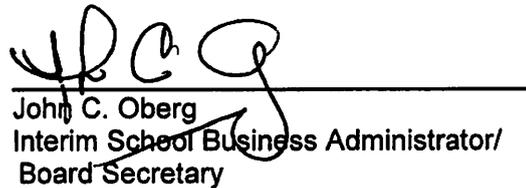
Independent Audit - State statutes require an annual audit by independent certified public accounts or registered municipal accountants. The accounting firm of, Bowman & Company, LLP was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements set forth in state statutes, the audit also was designed to meet the requirements of OMB Circular A-133 and State of New Jersey Circular 04-04-OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the single audit section of this report.

10) ACKNOWLEDGMENTS:

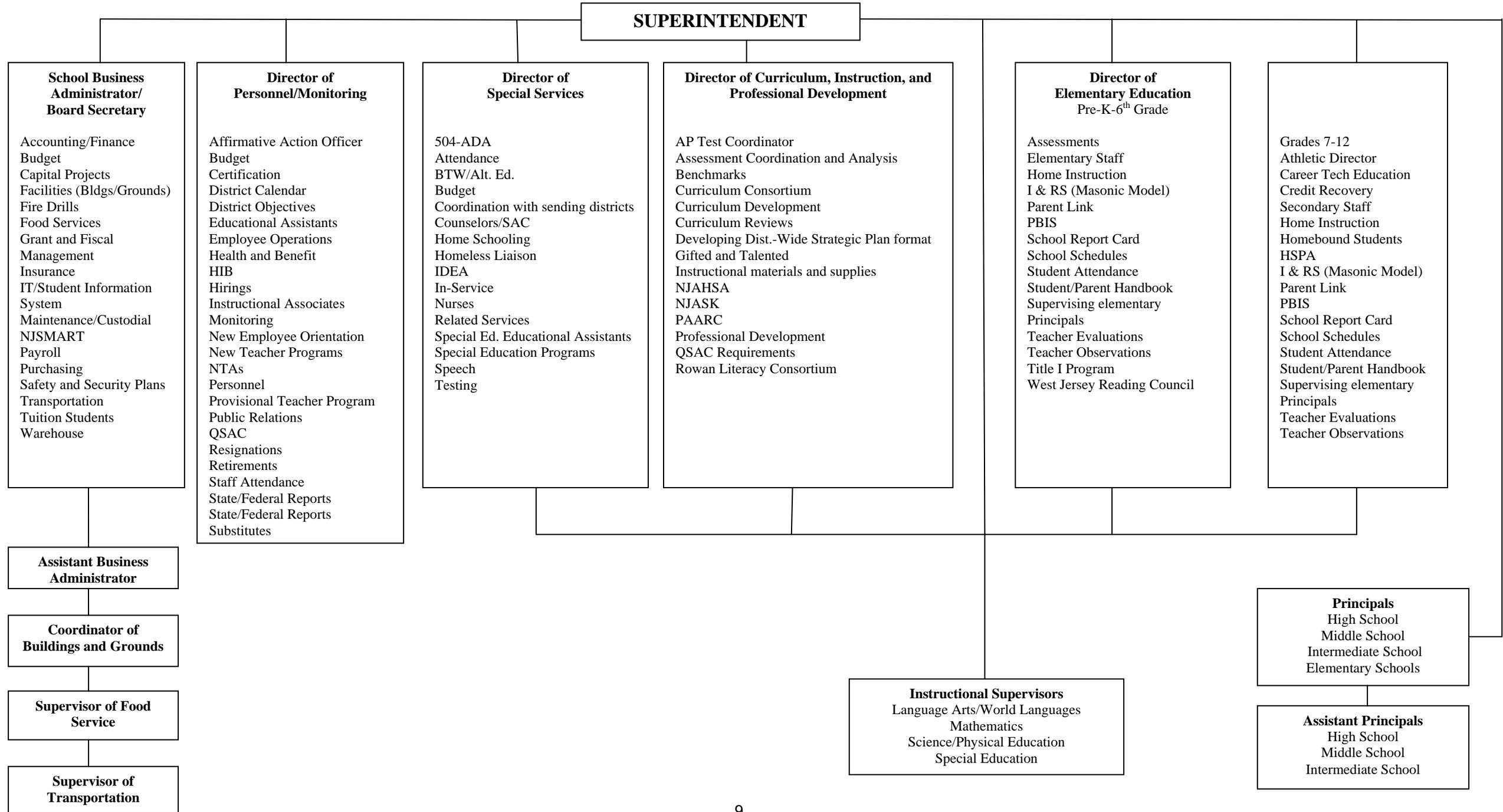
We would like to express our appreciation to the members of the Pennsauken Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,


Marilyn Martinez
Superintendent of Schools


John C. Oberg
Interim School Business Administrator/
Board Secretary

PENNSAUKEN PUBLIC SCHOOLS: ORGANIZATIONAL FLOW CHART OF ACTIVITIES



PENNSAUKEN BOARD OF EDUCATION

PENNSAUKEN, NEW JERSEY

ROSTER OF OFFICIALS

June 2012

MEMBERS OF THE BOARD OF EDUCATION	<u>TERM</u>
Danny O'Brien, President	2014
Dung Nguyen, Vice-President	2012
Michael E. Stargell	2013
Bernhard H. Kofoet	2012
Matthew McDevitt	2013
Dr. Allyson Meloni	2014
Carlos Rodriguez	2012
Richard Brown	2013
Stephanie James-Wilson	2014

OTHER OFFICIALS

Marilyn Martinez, Superintendent of Schools

John C. Oberg, Interim School Business Administrator/Board Secretary

Walter Nicgorski, Treasurer of School Monies

Frank Piarulli, Solicitor

PENNSAUKEN BOARD OF EDUCATION

PENNSAUKEN, NEW JERSEY

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

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

Official Depositories

Beneficial Bank
2501 Merchantville Avenue
Pennsauken, New Jersey 08110

Bank of New York Mellon
PO Box 11214
New York, New York 10286-1214

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

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Pennsauken School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility, of the Township of Pennsauken School District's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Pennsauken School District in the County of Camden, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 3, 2012 on our consideration of the Township of Pennsauken School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Pennsauken School District's financial statements. The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Pennsauken School District's basic financial statements. The introductory section and statistical section listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Daniel M. DiGangi

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

Voorhees, New Jersey
December 3, 2012

**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**

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Pennsauken School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 3, 2012. 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.

Internal Control Over Financial Reporting

Management of the Township of Pennsauken School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Township of Pennsauken School District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously. However, we identified one deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance that we consider to be a significant deficiency in internal control over financial reporting as finding number 2012-1. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Pennsauken School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey and which is described in the accompanying Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance as finding number 2012-1.

The Township of Pennsauken School District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management, members of the Board of Education, others within the School District, the Division of Administration and Finance of the New Jersey Department of Education, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Daniel M. DiGangi

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

Voorhees, New Jersey
December 3, 2012

REQUIRED SUPPLEMENTARY INFORMATION
PART I

PENNSAUKEN TOWNSHIP SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)

As management of the Township of Pennsauken School District, we offer readers of the Township of Pennsauken School District's financial statements this narrative overview and analysis of the financial activities of the Township of Pennsauken School District for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the Township of Pennsauken School District's financial performance as a whole. Readers should also review the information furnished in our letter of transmittal, notes to the basic financial statements, and financial statements to enhance their understanding of the Township of Pennsauken School District's financial performance.

Financial Highlights

- The assets of the Township of Pennsauken School District exceeded its liabilities at the close of the most recent fiscal year by \$32,640,304 (net assets).
- The Township of Pennsauken School District's total net assets increased by \$4,279,451 from July 1, 2011.
- As of the close of the current fiscal year, the Township of Pennsauken School District's governmental funds reported combined ending fund balances of \$17,327,634 an increase of \$1,781,969 in comparison with the prior year.
- At the end of the current fiscal year, there was no unassigned fund balance for the general fund as compared to \$2,306,971 at the beginning of the fiscal year.
- The Township of Pennsauken School District's total debt decreased by \$2,970,000 as a result of budgeted debt payments.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township of Pennsauken School District's basic financial statements. The Township of Pennsauken School District's basic financial statements comprise three components: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements themselves.

District-wide Financial Statements: The district-wide financial statements are designed to provide readers with a broad overview of the Township of Pennsauken School District's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the Township of Pennsauken School District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused sick leave).

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited) (Cont'd)

District-wide financial statements (Cont'd): Both of the district-wide financial statements distinguish functions of the Township of Pennsauken School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township of Pennsauken School District include the education of students in grades Pre-K through 12 at the Township of Pennsauken School District's twelve schools. The business-type activities of the Township of Pennsauken School District include a food service program.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township of Pennsauken School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township of Pennsauken School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds: Most of the Township of Pennsauken School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township of Pennsauken School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs.

The Township of Pennsauken School District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, capital projects fund, debt service fund and permanent fund.

The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Also, the Township of Pennsauken School District adopts an annual budget for its general fund, special revenue fund, and debt service fund. Budgetary comparison schedules have been provided for both to demonstrate compliance with the budgets.

Proprietary Funds: The Township of Pennsauken School District maintains one type of proprietary fund. Enterprise funds, which are a proprietary fund type used to report an activity for which a fee is charged to external users for goods or services, are used to report the same functions presented as business-type activities in the district-wide financial statements. The Township of Pennsauken School District uses an enterprise fund to account for its food service program.

Proprietary funds provide the same type of information as the district-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the food service program.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the Township of Pennsauken School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statement: The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited) (Cont'd)

District-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Township of Pennsauken School District, assets exceeded liabilities by \$32,640,304 at the close of the most recent fiscal year.

The largest portion of the Township of Pennsauken School District's net assets (66.36 percent) reflects its investment in capital assets (i.e., land, buildings, equipment), less any related debt used to acquire those assets that are still outstanding. The Township of Pennsauken School District uses these assets to provide educational services to students; consequently, these assets are not available for future spending. Although the Township of Pennsauken School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT'S NET ASSETS						
	Governmental <u>Activities</u>		Business-Type <u>Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and Other Assets	\$ 21,048,475	\$ 19,432,234	\$ 1,275,147	\$ 1,220,223	\$ 22,323,622	\$ 20,652,457
Capital Assets	41,517,646	41,724,260	500,968	473,326	42,018,614	42,197,586
Total Assets	62,566,121	61,156,494	1,776,115	1,693,549	64,342,236	62,850,043
Long-term Liabilities Outstanding	23,953,901	26,793,480	53,696	37,053	24,007,597	26,830,533
Other Liabilities	6,854,547	6,998,508	839,788	660,148	7,694,335	7,658,656
Total Liabilities	30,808,448	33,791,988	893,484	697,201	31,701,932	34,489,189
Net Assets:						
Invested in Capital Assets, Net of Related Debt	18,597,789	15,978,876	500,968	473,327	19,098,757	16,452,203
Restricted	17,088,644	12,974,060			17,088,644	12,974,060
Unrestricted	(3,928,760)	(1,588,430)	381,663	523,021	(3,547,097)	(1,065,409)
Total Net Assets	\$ 31,757,673	\$ 27,364,506	\$ 882,631	\$ 996,348	\$ 32,640,304	\$ 28,360,854

The portion of the Township of Pennsauken School District's net assets that represents resources that are subject to external restrictions on how they may be used is 53.81%.

There was a decrease of \$113,716 in overall net assets for the Township of Pennsauken School District's business-type activities. The primary reason for the decrease was a decrease in federal and state reimbursements for the program.

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited) (Cont'd)

Governmental Activities: Governmental activities increased the Township of Pennsauken School District's net assets by \$4,393,167, thereby accounting for 100 percent of the total increase in net assets of the Township of Pennsauken School District. Key elements of this increase are as follows:

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT'S CHANGES IN NET ASSETS							
	Governmental Activities		Business-Type Activities		Total		
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	
Revenues:							
Program Revenues:							
Charges for Services	\$ 1,072,591	\$ 618,550	\$ 842,124	\$ 871,227	\$ 1,914,715	\$ 1,489,777	
Operating Grants and Contributions	12,079,991	12,004,802	2,063,412	1,895,318	14,143,403	13,900,120	
Capital Grants and Contributions			107,500		107,500		
General Revenues:							
Property Taxes	37,039,257	37,060,308			37,039,257	37,060,308	
Grants and Contributions not Restricted to Specific Programs	49,101,274	45,795,363			49,101,274	45,795,363	
Other	490,445	410,437	10,448	10,684	500,893	421,121	
Total Revenues	99,783,558	95,889,460	3,023,484	2,777,229	102,807,042	98,666,689	
Expenses:							
Instruction	43,178,053	35,372,166			43,178,053	35,372,166	
Support Services	52,171,566	58,003,739			52,171,566	58,003,739	
Food Service			3,137,200	2,910,533	3,137,200	2,910,533	
Total Expenses	95,349,619	93,375,905	3,137,200	2,910,533	98,486,819	96,286,438	
Increase In Net Assets before Transfers	4,433,939	2,513,555	(113,716)	(133,304)	4,320,223	2,380,251	
Transfers and Adjustments	(40,772)	(77,860)		(9,176)	(40,772)	(87,036)	
Increase in Net Assets	4,393,167	2,435,695	(113,716)	(142,480)	4,279,451	2,293,215	
Net Assets, July 1	27,364,506	24,928,811	996,348	1,138,828	28,360,854	26,067,639	
Net Assets, June 30	\$ 31,757,673	\$ 27,364,506	\$ 882,632	\$ 996,348	\$ 32,640,305	\$ 28,360,854	

- Property taxes decreased by \$21,051.
- Other revenues increased by \$3,915,149 (6.66 percent). Most of the increase was attributable to additional state and federal aid.

During the current fiscal year, the State of New Jersey made payments on-behalf of the Township of Pennsauken School District for T.P.A.F. pension and medical in the amount of \$3,640,349, as compared to \$2,536,892 in fiscal year 2011.

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited) (Cont'd)

Business-Type Activities: Business-type activities decreased the Township of Pennsauken School District's net assets by \$113,716. The key element of this decrease is as follows:

- Operating grants decreased by \$168,094.
- Capital grants and contributions increased by \$107,500.
- Other revenues accounted for the balance of the reduction.

Financial Analysis of the Government's Funds

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

Governmental Funds: The focus of the Township of Pennsauken School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township of Pennsauken School District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township of Pennsauken School District's governmental funds reported combining ending fund balances of \$17,327,634, an increase of \$1,781,969 in comparison with the prior year. This increase is primarily a result of the increase in state and federal aid.

Of the combined ending fund balances of \$17,327,634, \$647,062 constitutes unassigned fund balance. The remainder of fund balance is ear-marked to indicate that it is not available for new spending because it has already been committed (1) to liquidate contracts and purchase orders of the prior period (\$1,170,554), (2) to be utilized in future budgets as tax relief (\$4,848,238), (3) as a reserve for inventory (\$225,984), (4) as a reserve for capital projects so identified in the Long Range Facility Plan (\$9,994,559), (5) as a reserve for emergency purposes (\$432,583) and (6) a permanent fund of (\$8,654).

The general fund is the main operating fund of the Township of Pennsauken School District. At the end of the current fiscal year, there was no unassigned fund balance of the general fund, while total fund balance was \$13,090,312.

Fund balance of the Township of Pennsauken School District General Fund decreased by \$625,593 during the current fiscal year.

The special revenue fund has a fund balance at the end of the current fiscal year in the amount of \$647,062. This amount represents unexpended pre-school education aid, which available for use in the 2012-13 Budget.

The debt service fund had no fund balance.

The capital projects fund has fund balance of \$3,581,605 of which all has been committed to liquidate any unpaid orders, or for other approved capital projects.

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

Unrestricted net assets were \$381,663 at fiscal year end.

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited) (Cont'd)

General Fund Budgetary Highlights

During the course of the 2012 fiscal year, the Township of Pennsauken School District modified its general fund budget numerous times. The net change in the total budget modification was a result of the rollover of the prior year's encumbrances and the use of additional federal aid.

The final budgetary basis revenue estimate was \$82,141,020. The original budgeted estimate was \$82,090,890.

During fiscal year 2012, the Township of Pennsauken School District budgeted \$34,631,347 and \$44,642,228 for property taxes (local tax levy) and state aid revenues, respectively. Additionally, the District budgeted \$1,830,472 of federal aid. The Township of Pennsauken School District also received \$2,658,510 and \$3,640,349 in reimbursed T.P.A.F. Social Security Aid and on-behalf T.P.A.F. Pension and Medical Contributions, respectively.

The final budgetary basis expenditure appropriation estimate was \$85,889,437 compared to the original estimate of \$90,330,572. Most of the decrease was attributable to the transfer of funds to the capital projects fund.

The Township of Pennsauken School District's expenditures also include the reimbursed TPAF Social Security Aid and T.P.A.F. Pension and Medical Contributions of \$2,658,510 and \$3,640,349, respectively, which contributes to an unfavorable expenditure variance for the fiscal year.

Capital Asset and Debt Administration

Capital Assets: The Township of Pennsauken School District's investment in capital assets for its governmental and business-type activities as of June 30, 2012 amounts to \$42,018,614 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, and equipment. The total decrease in the Township of Pennsauken School District's investment in capital assets for the current fiscal year was 0.42 percent.

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

- The Township of Pennsauken School District expended funds in accordance with their State approved Long Range Facilities Plan, with current fiscal year expenditures amounting to \$2,224,924.

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT'S CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)						
	Governmental Activities		Business-Type Activities		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 64,918	\$ 64,918			\$ 64,918	\$ 64,918
Construction in Progress	1,567,998	1,376,525			1,567,998	1,376,525
Land Improvements	460,333	413,399			460,333	413,399
Building Improvements	37,610,745	38,486,908			37,610,745	38,486,908
Equipment	1,813,652	1,382,510	\$ 500,968	\$ 473,326	2,314,620	1,855,836
Total	\$ 41,517,646	\$ 41,724,260	\$ 500,968	\$ 473,326	\$ 42,018,614	\$ 42,197,586

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited) (Cont'd)

Long-term Obligations: At the end of the current fiscal year, the Township of Pennsauken School District had total long term obligations of \$26,986,749 representing government activities and \$53,696 representing business-type activities. Bonded debt outstanding at June 30, 2011 was \$23,550,000. All of the School District's bonded debt is governmental as opposed to business-type. The 2012-2013 adopted budget includes an appropriation of \$3,040,000 representing the payment of the annual principal. All of the bonds will mature by April 1, 2019.

Economic Factors and Next Year's Budget

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

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

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

Statement of Net Assets

June 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 9,396,213.27	\$ 1,152,609.24	\$ 10,548,822.51
Receivables, net	8,496,043.26	84,820.90	8,580,864.16
Inventory	225,984.14	37,716.42	263,700.56
Debt Issuance Costs (Net of Amortization)	143,465.00		143,465.00
Restricted Cash and Cash Equivalents	2,786,769.33		2,786,769.33
Capital Assets, net (Note 6)	41,517,645.57	500,968.49	42,018,614.06
Total Assets	62,566,120.57	1,776,115.05	64,342,235.62
LIABILITIES:			
Accounts Payable	3,553,767.12	827,029.76	4,380,796.88
Accrued Interest	244,322.24		244,322.24
Deferred Revenue	23,608.85	12,757.76	36,366.61
Noncurrent Liabilities (Note 7):			
Due within One Year	3,032,848.02		3,032,848.02
Due beyond One Year	23,953,901.38	53,696.00	24,007,597.38
Total Liabilities	30,808,447.61	893,483.52	31,701,931.13
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	18,597,789.17	500,968.49	19,098,757.66
Restricted for:			
Debt Service	(238,989.98)		(238,989.98)
Endowment Fund	8,654.13		8,654.13
Capital Projects	9,994,559.27		9,994,559.27
Other Purposes	7,324,420.60		7,324,420.60
Unrestricted (Deficit)	(3,928,760.23)	381,663.04	(3,547,097.19)
Total Net Assets	\$ 31,757,672.96	\$ 882,631.53	\$ 32,640,304.49

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2012

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:							
Instruction:							
Regular	\$ 24,083,201.49	\$ 922,997.80			\$ (23,160,203.69)		\$ (23,160,203.69)
Special Education	9,446,366.00	149,592.76	\$ 2,756,353.65		(6,540,419.59)		(6,540,419.59)
Other Special Instruction	437,210.26				(437,210.26)		(437,210.26)
Other Instruction	1,262,800.83				(1,262,800.83)		(1,262,800.83)
Tuition	7,948,474.60		1,579,444.00		(6,369,030.60)		(6,369,030.60)
Support Services:							
Student and Instruction Related Services	6,676,305.43		554,753.40		(6,121,552.03)		(6,121,552.03)
School Administrative Services	2,779,594.88				(2,779,594.88)		(2,779,594.88)
Other Administrative Services	3,080,287.23				(3,080,287.23)		(3,080,287.23)
Plant Operations and Maintenance	8,521,054.59				(8,521,054.59)		(8,521,054.59)
Pupil Transportation	4,960,279.97		5,715.77		(4,954,564.20)		(4,954,564.20)
Unallocated Benefits	16,906,273.85		467,083.45		(16,439,190.40)		(16,439,190.40)
Reimbursed TPAF and Social Security	6,298,859.40		6,298,859.40				
Transfer to Charter School	1,802,172.00				(1,802,172.00)		(1,802,172.00)
Amortization of Debt Issuance Costs	20,495.00				(20,495.00)		(20,495.00)
Interest on Long-Term Debt	1,126,243.76		417,781.95		(708,461.81)		(708,461.81)
Total Governmental Activities	95,349,619.29	1,072,590.56	12,079,991.62	-	(82,197,037.11)	-	(82,197,037.11)
Business-Type Activities:							
Food Service	3,137,200.51	842,124.29	2,063,412.02	\$ 107,500.00	-	\$ (124,164.20)	(124,164.20)
Total Primary Government	\$ 98,486,819.80	\$ 1,914,714.85	\$ 14,143,403.64	\$ 107,500.00	(82,197,037.11)	(124,164.20)	(82,321,201.31)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, net					34,631,347.00		34,631,347.00
Taxes Levied for Debt Service					2,407,910.00		2,407,910.00
Federal and State Aid Not Restricted					47,912,867.93		47,912,867.93
Federal and State Aid Restricted					1,188,406.05		1,188,406.05
Miscellaneous Income					490,444.83	10,447.89	500,892.72
Cancellation of Prior Year Accounts Receivable					(133,473.75)		(133,473.75)
Cancellation of Special Revenue Grant Balances					235,801.93		235,801.93
Operating Transfers					(143,100.00)		(143,100.00)
Total General Revenues, Special Items, Extraordinary Items and Transfers					86,590,203.99	10,447.89	86,600,651.88
Change in Net Assets					4,393,166.88	(113,716.31)	4,279,450.57
Net Assets -- July 1					27,364,506.08	996,347.84	28,360,853.92
Net Assets -- June 30					\$ 31,757,672.96	\$ 882,631.53	\$ 32,640,304.49

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

FUND FINANCIAL STATEMENTS

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Balance Sheet
 Governmental Funds
 June 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
ASSETS:						
Cash and Cash Equivalents	\$ 9,396,213.27		\$ 2,779,119.00	\$ 0.03	\$ 7,650.30	\$ 12,182,982.60
Receivables, net:						
Interfunds Receivable:						
Enterprise Fund	795,235.31					795,235.31
Unemployment Compensation Trust Fund	63,896.43					63,896.43
General Fund					157.24	157.24
Special Revenue Fund	1,830,503.98					1,830,503.98
Student Activity Fund					846.59	846.59
Receivables from Other Governments:						
State of New Jersey	795,041.88	\$ 7,246.72	1,032,762.00			1,835,050.60
Federal	481,871.71	3,126,392.06				3,608,263.77
Other Receivables	362,089.34					362,089.34
Inventory	225,984.14					225,984.14
Total Assets	<u>\$ 13,950,836.06</u>	<u>\$ 3,133,638.78</u>	<u>\$ 3,811,881.00</u>	<u>\$ 0.03</u>	<u>\$ 8,654.13</u>	<u>\$ 20,905,010.00</u>
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts Payable	\$ 569,123.73	\$ 528,625.47	\$ 230,275.57			\$ 1,328,024.77
Interfunds Payable:						
General Fund		1,830,503.98				1,830,503.98
Permanent Fund	157.24					157.24
Payroll Fund	71,981.14					71,981.14
Workers Compensation Claims	219,261.50					219,261.50
Payable to State Government		100,210.00				100,210.00
Payable to Federal Government		3,628.49				3,628.49
Deferred Revenue		23,608.85				23,608.85
Total Liabilities	<u>860,523.61</u>	<u>2,486,576.79</u>	<u>230,275.57</u>	<u>-</u>	<u>-</u>	<u>3,577,375.97</u>
Fund Balances:						
Nonspendable Fund Balance:						
Reserve for Supplies Inventory	225,984.14					225,984.14
Permanent					\$ 8,000.00	8,000.00
Restricted:						
Capital Reserve	6,412,953.84					6,412,953.84
Emergency Reserve	432,583.40					432,583.40
Capital Outlay Legally Restricted	16,227.00					16,227.00
Excess Surplus Designed for						
Subsequent Year's Expenditures	4,559,061.66					4,559,061.66
Capital Projects			3,581,605.43			3,581,605.43
Debt Service				\$ 0.03		0.03
Other Purposes					654.13	654.13
Assigned:						
Other Purposes	1,170,554.27					1,170,554.27
Subsequent Year's Expenditures	272,948.14					272,948.14
Unassigned		647,061.99				647,061.99
Total Fund Balances	<u>13,090,312.45</u>	<u>647,061.99</u>	<u>3,581,605.43</u>	<u>0.03</u>	<u>8,654.13</u>	<u>17,327,634.03</u>
Total Liabilities and Fund Balances	<u>\$ 13,950,836.06</u>	<u>\$ 3,133,638.78</u>	<u>\$ 3,811,881.00</u>	<u>\$ 0.03</u>	<u>\$ 8,654.13</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$75,109,825.57 and the accumulated depreciation is \$33,592,180.00.	41,517,645.57
Governmental funds report the effect of issuance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the difference in the treatment of the long-term debt related items.	143,465.00
Interest on long term debt is accrued on the Statement of Net Assets regardless when due.	(244,322.24)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(26,986,749.40)
Net assets of governmental activities	<u>\$ 31,757,672.96</u>

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Fiscal Year Ended June 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
REVENUES:						
Local Tax Levy	\$ 34,631,347.00			\$ 2,407,910.00		\$ 37,039,257.00
Tuition	1,072,590.56					1,072,590.56
Miscellaneous	490,419.74	\$ 17,445.30			\$ 25.09	507,890.13
State Sources	52,362,717.46	1,746,781.80		1,606,188.00		55,715,687.26
Federal Sources	1,849,009.87	3,599,123.17				5,448,133.04
Total Revenues	90,406,084.63	5,363,350.27	-	4,014,098.00	25.09	99,783,557.99
EXPENDITURES:						
Regular Instruction	23,606,722.32				500.00	23,607,222.32
Special Education Instruction	6,220,270.97	2,908,549.72				9,128,820.69
Other Special Instruction	437,210.26					437,210.26
Other Instruction	1,262,800.83					1,262,800.83
Tuition	6,369,030.60	1,579,444.00				7,948,474.60
Support Services and Undistributed Costs:						
Student and Instruction Related Services	5,953,794.03	554,753.40				6,508,547.43
School Administrative Services	2,777,904.88					2,777,904.88
Other Administrative Services	2,874,219.60					2,874,219.60
Plant Operations and Maintenance	7,585,757.89					7,585,757.89
Pupil Transportation	4,862,021.06	5,715.77				4,867,736.83
Unallocated Benefits	16,439,190.40	467,083.45				16,906,273.85
Reimbursed TPAF Pension, Medical and Social Security	6,298,859.40					6,298,859.40
Transfer to Charter Schools	1,802,172.00					1,802,172.00
Debt Service:						
Principal				2,970,000.00		2,970,000.00
Interest and Other Charges				1,046,904.60		1,046,904.60
Capital Outlay	700,394.83	334,190.91	\$ 1,190,337.82			2,224,923.56
Total Expenditures	87,190,349.07	5,849,737.25	1,190,337.82	4,016,904.60	500.00	98,247,828.74
Excess (Deficiency) of Revenues over Expenditures	3,215,735.56	(486,386.98)	(1,190,337.82)	(2,806.60)	(474.91)	1,535,729.25
OTHER FINANCING SOURCES (USES):						
Change in Supplies Inventory	42,061.66					42,061.66
Cancellation of Prior Year Accounts Receivable			(133,473.75)			(133,473.75)
Cancellation of Special Revenue Grant Balances	235,801.93					235,801.93
Transfer To and From Capital Reserve	(4,237,269.00)		4,237,269.00			
Transfer To and From Capital Outlay	16,227.00		(16,227.00)			
Assets Acquired Under Capital Lease	137,450.00					137,450.00
Operating Transfers Out	(35,600.00)					(35,600.00)
Total Other Financing Sources and Uses	(3,841,328.41)	-	4,087,568.25	-	-	246,239.84
Net Change in Fund Balances	(625,592.85)	(486,386.98)	2,897,230.43	(2,806.60)	(474.91)	1,781,969.09
Fund Balance -- July 1	13,715,905.30	1,133,448.97	684,375.00	2,806.63	9,129.04	15,545,664.94
Fund Balance -- June 30	\$ 13,090,312.45	\$ 647,061.99	\$ 3,581,605.43	\$ 0.03	\$ 8,654.13	\$ 17,327,634.03

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2012

Total Net Change in Fund Balances - Governmental Funds	\$ 1,781,969.09
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	\$ (2,208,012.00)
Assets Less Than \$2,000.00	(116,025.99)
Assets Transferred to Food Service Fund	(107,500.00)
Capital Outlays	<u>2,224,923.56</u>
	(206,614.43)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	2,970,000.00
In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed. (-)	
Amortization of Debt Issuance Costs	(20,495.00)
Amortization of Loss on Refunding Bonds	(130,396.37)
Amortization of Bond Sale Premiums	25,412.90
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)	22,691.48
Assets acquired under capital leases do not effect the Statement of Net Assets however, are reported as a financing source in the governmental funds.	(137,450.00)
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 (+).	(30,406.41)
Repayment of capital leases is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of Net Assets and is not reported in the Statement of Activities.	118,455.62
	<hr/>
Change in Net Assets of Governmental Activities	<u>\$ 4,393,166.88</u>

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2012

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 1,152,609.24
Accounts Receivable:	
State	1,477.06
Federal	79,795.59
Other	3,548.25
Inventories	<u>37,716.42</u>
Total Current Assets	<u>1,275,146.56</u>
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	1,537,420.24
Furniture, Machinery and Equipment	(1,036,451.75)
Less Accumulated Depreciation	<u>(1,036,451.75)</u>
Total Noncurrent Assets	<u>500,968.49</u>
Total Assets	<u>1,776,115.05</u>
LIABILITIES:	
Current Liabilities:	
Interfund Accounts Payable:	
Due General Fund	795,235.31
Accounts Payable	31,794.45
Deferred Revenue	<u>12,757.76</u>
	839,787.52
Noncurrent Liabilities:	
Compensated Absences Payable	<u>53,696.00</u>
Total Liabilities	<u>893,483.52</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	500,968.49
Unrestricted	<u>381,663.04</u>
Total Net Assets	<u>\$ 882,631.53</u>

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2012

	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs:	
School Lunch Program	\$ 421,376.91
School Breakfast Program	13,603.75
Special Milk Program	4,668.75
Daily Sales - Non-Reimbursable Programs	372,459.60
Miscellaneous	5,859.21
Special Functions	24,156.07
	842,124.29
Total Operating Revenues	842,124.29
OPERATING EXPENSES:	
Salaries	908,344.34
Employee Benefits	650,416.43
General Supplies	8,995.46
Depreciation	85,181.90
Cost of Sales	1,410,575.69
Miscellaneous	73,686.69
	3,137,200.51
Total Operating Expenses	3,137,200.51
Operating Income / (Loss)	(2,295,076.22)
NONOPERATING REVENUES (EXPENSES):	
State Sources:	
State School Lunch Program	35,130.01
Federal Sources:	
National School Lunch Program	1,478,670.71
National School Breakfast Program	331,091.16
Special Milk Program	5,358.17
Food Distribution Program	179,788.54
Fresh Fruit and Vegetable Program	33,373.43
Interest Revenue	10,447.89
	2,073,859.91
Total Nonoperating Revenues (Expenses)	2,073,859.91
Income (Loss) before Contributions and Transfers	(221,216.31)
Contributed Capital	107,500.00
	107,500.00
Change in Net Assets	(113,716.31)
Net Assets -- July 1	996,347.84
Net Assets -- June 30	\$ 882,631.53

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2012

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 847,604.93
Payments to Employees	(900,421.12)
Payments for Employee Benefits	(650,416.43)
Payments for Supplies and Services	<u>(1,489,713.48)</u>
Net Cash Provided by (used for) Operating Activities	<u>(2,192,946.10)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
State Sources	40,941.50
Federal Sources	2,190,584.79
Operating Subsidies and Transfers	<u>217,788.88</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>2,449,315.17</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of Capital Assets	<u>(5,323.90)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Revenue	<u>10,447.89</u>
Net Increase (Decrease) in Cash and Cash Equivalents	261,493.06
Cash and Cash Equivalents -- July 1	<u>891,116.18</u>
Cash and Equivalents -- June 30	<u>\$ 1,152,609.24</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)	
by Operating Activities:	
Operating Income (Loss)	\$ (2,295,076.22)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided by (used for) Operating Activities:	
Depreciation and Net Amortization	85,181.90
(Increase) Decrease in Inventories	(3,047.29)
Increase (Decrease) in Accounts Payable	6,591.65
Increase (Decrease) in Deferred Revenue	4,920.29
Increase (Decrease) in Accrued Salary Benefits	7,923.22
(Increase) Decrease in Accounts Receivable	<u>560.35</u>
Total Adjustments	<u>102,130.12</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (2,192,946.10)</u>

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Statement of Fiduciary Net Assets
 Fiduciary Funds
 June 30, 2012

	<u>Trust Funds</u>		<u>Agency Funds</u>		<u>Total</u>
	<u>Scholarship Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS:					
Cash and Cash Equivalents	\$ 21,487.00	\$ 591,810.71	\$ 276,079.99	\$ 26,505.46	\$ 915,883.16
Accounts Receivable:					
Interfund Accounts Receivable:					
Due Agency Fund -- Payroll		29,409.36			29,409.36
Due General Fund				71,981.14	71,981.14
Refunds Receivable				15,764.58	15,764.58
Total Assets	-	29,409.36	-	87,745.72	117,155.08
Total Assets	21,487.00	621,220.07	\$ 276,079.99	\$ 114,251.18	1,033,038.24
LIABILITIES:					
Accounts Payable		45,505.78			45,505.78
Interfund Accounts Payable:					
Due Unemployment Fund				\$ 29,409.36	29,409.36
Due Permanent Fund			\$ 846.59		846.59
Due General Fund		63,896.43			63,896.43
Payable to Student Groups			275,233.40		275,233.40
Payroll Deductions and Withholdings				84,841.82	84,841.82
Total Liabilities	-	109,402.21	\$ 276,079.99	\$ 114,251.18	499,733.38
NET ASSETS:					
Held in Trust for Unemployment Claims and Other Purposes	\$ 21,487.00	\$ 511,817.86			\$ 533,304.86

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2012

	<u>Scholarship Trust</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS:		
Contributions and Donations from Payroll Deductions Withheld		\$ 76,096.66
Scholarship Donations	\$ 3,128.00	
Investment Earnings: Interest	<u>69.74</u>	<u>6,442.33</u>
Total Additions	<u>3,197.74</u>	<u>82,538.99</u>
DEDUCTIONS:		
Scholarship Awards	3,500.00	
Unemployment Claims		<u>197,856.63</u>
Total Deductions	<u>3,500.00</u>	<u>197,856.63</u>
Change in Net Assets	(302.26)	(115,317.64)
Net Assets -- July 1	<u>21,789.26</u>	<u>627,135.50</u>
Net Assets -- June 30	<u>\$ 21,487.00</u>	<u>\$ 511,817.86</u>

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity - The Township of Pennsauken School District (hereafter referred to as the "School District") is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the School District is to educate students in grades K through 12 at its twelve schools. The School District has an approximate enrollment at June 30, 2012 of 5,383.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

Component Units - GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The School District has determined that there are no organizations that are considered to be component units.

Basis of Presentation - The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations, issued on or before November 30, 1989, to its business-type activities and enterprise funds, provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described in this note.

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

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

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The statement of net assets presents the financial condition of the governmental and business-type activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. The policy of the School District is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements - During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary fund is reported by type. The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

General Fund - The general fund is the general 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, district taxes, 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)**Fund Financial Statements (Cont'd)****Governmental Funds (Cont'd)**

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

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

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

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

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

Proprietary Funds - Proprietary funds are used to account for the School District's ongoing activities, which are similar to those found in the private sector.

Enterprise Funds - The enterprise funds are used to account for operations

1. that are financed and operated in a manner similar to private business enterprises, where the intent of the School District is that the costs (expenses, including depreciation) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or

2. where the School District has decided that periodic determination of revenues earned, expenses incurred, and / or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The School District's one enterprise funds is

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

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

Proprietary Funds (Cont'd) - All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net assets) is segregated into investment in capital assets, net of related debt, and unrestricted net assets, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks and Vehicles	4 Years
Heavy Trucks and Vehicles	6 Years

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Pension trust funds are used to account for resources held in trust for employees and their beneficiaries based on defined benefit pension agreements, defined contribution agreements, other postemployment benefit agreements, and other employee benefit arrangements. Investment trust funds are used to report the external portion of an investment pool as defined in GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. 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. 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). They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The School District has four fiduciary funds, an unemployment compensation trust fund, a private-purpose scholarship fund, a student activity fund and payroll fund.

Measurement Focus

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets.

For the fund financial statements, all governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation, with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

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

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

For fund financial statements, all governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds, like the government-wide financial statements, use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and the presentation of expenses versus expenditures.

Recognition of Revenue - Revenue resulting from exchange transactions, which are defined as transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. For the governmental fund financial statements, which are prepared on the modified accrual basis, however, such revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days after fiscal year end.

Revenue resulting from non-exchange transactions, which are defined as transactions in which the School District receives value without directly giving equal value in return, includes Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (property) taxes are susceptible to accrual. As under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year since the revenue is both measurable and available. The School District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of the restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. Restricted formula aids, which include Preschool Education Aid, are recorded in the special revenue fund in accordance with *The Audit Program* promulgated by the New Jersey Department of Education, which requires that these grants be realized in an amount equal to program expenditures.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: tuition, grants, fees, and rentals.

Expenses / Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the fiscal year is reported in the operating statement as an expense. Unused donated commodities are reported as deferred revenue. The measurement focus of governmental fund financial statements is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgets / Budgetary Control - Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. 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.

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

Budgets / Budgetary Control (Cont'd) - Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, 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. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

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

Encumbrances - Under encumbrance accounting, purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. 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 deferred revenues at fiscal year end.

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

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.

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

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

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.

Tuition Payable - Tuition charges for the fiscal years ended June 30, 2012 and 2011 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

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.

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, 2012.

In the governmental fund financial statements 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.

Deferred Expenditures - Deferred expenditures are disbursements that are made in one period, but are more accurately reflected as an expenditure / expense in the next fiscal period. Unlike prepaid expenses, deferred expenditures are not regularly recurring costs of operations.

Short-Term Interfund Receivables / Payables - Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the School District, and that are due within one year. These amounts are eliminated in the government-wide financial statements, except for the net residual amounts due between governmental and business-type activities, which are presented as interfunds receivable and / or interfunds payable on the statement of net assets.

Capital Assets - General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the governmental fund financial statements. Capital assets utilized by the proprietary funds, however, are reported both in the business-type activities column of the government-wide statement of net assets and the proprietary fund statement of net assets.

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

Capital Assets (Cont'd) - All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of \$2,000.00. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	12 Years
Vehicles	5-10 Years	4-6 Years

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, 2012, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

Compensated Absences - Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the 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 entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources. In the proprietary funds, the entire amount of compensated absences is recorded as a fund liability.

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

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.

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

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are 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.

It is the School District's policy to apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are 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, approved by the Board of Education.

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

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

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

Operating and Non-Operating Revenues and Expenses - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for the food service program. Non-operating revenues principally consist of federal and state grant funding and interest income earned on various interest-bearing accounts.

Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. There were no non-operating expenses.

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.

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.

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 trust funds such as salary withholdings, athletic and student activity funds, or funds that may pass to the School District relative to the happening of a future condition.

As of June 30, 2012, the School District's bank balances of \$16,553,673.88 were all collateralized by securities held by the pledging financial institution.

New Jersey Cash Management Fund - During the fiscal year, the School District participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2012, the School District's deposits with the New Jersey Cash Management Fund were \$466,807.18.

Note 3: CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance July 1, 2011		\$ 7,124,360.91
Increased by:		
Transfer per June 28, 2012 Resolution	\$ 3,500,000.00	
Transfer from Capital Projects Fund	312,731.00	
Interest Earnings	<u>25,861.93</u>	
		<u>3,838,592.93</u>
		10,962,953.84
Decreased by:		
Budgeted Withdrawal Transferred to Capital Projects Fund		<u>4,550,000.00</u>
Ending Balance June 30, 2012		<u><u>\$ 6,412,953.84</u></u>

The LRFP balance of local support costs of uncompleted projects at June 30, 2012 is \$32,682,220.00. The withdrawals from the capital reserve were for use in a DOE approved facilities projects, consistent with the School District's LRFP.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2012 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds.

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Proprietary Fund</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Intergovernmental	\$ 1,276,913.59	\$ 3,133,638.78	\$ 1,032,762.00	\$ 81,272.65		\$ 5,524,587.02
Other	362,089.34			3,548.25	\$ 15,764.58	381,402.17
Total	<u>\$ 1,639,002.93</u>	<u>\$ 3,133,638.78</u>	<u>\$ 1,032,762.00</u>	<u>\$ 84,820.90</u>	<u>\$ 15,764.58</u>	<u>\$ 5,905,989.19</u>

Note 5: INVENTORY

Inventory in the general fund at June 30, 2012 consisted of the following:

Supplies	<u>\$ 225,984.14</u>
----------	----------------------

Inventory in the food service fund at June 30, 2012 consisted of the following:

Food	\$ 31,626.01
Commodities	4,843.42
Supplies	<u>1,246.99</u>
	<u>\$ 37,716.42</u>

Note 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Balance July 1, 2011	Additions	Deletions / Adjustments	Balance June 30, 2012
Government Activities:				
Capital Assets that are not being Depreciated:				
Land	\$ 64,918.00			\$ 64,918.00
Construction In Progress	1,376,525.00	\$ 553,068.82	\$ 361,596.25	1,567,997.57
Total Capital Assets not being Depreciated	1,441,443.00	553,068.82	361,596.25	1,632,915.57
Land Improvements	1,779,048.00	113,147.00		1,892,195.00
Building and Improvements	63,174,060.00	524,122.00	(125,327.00)	63,823,509.00
Equipment	7,012,684.00	1,034,585.74	286,063.74	7,761,206.00
Totals at Historical Cost	71,965,792.00	1,671,854.74	160,736.74	73,476,910.00
Less: Accumulated Depreciation for:				
Land Improvements	(1,365,649.00)	(66,213.00)		(1,431,862.00)
Building and Improvements	(24,687,152.00)	(1,654,381.25)	(128,769.25)	(26,212,764.00)
Equipment	(5,630,174.00)	(487,417.75)	(170,037.75)	(5,947,554.00)
Total Accumulated Depreciation	(31,682,975.00)	(2,208,012.00)*	(298,807.00)	(33,592,180.00)
Total Capital Assets being Depreciated, net of Accumulated Depreciation	40,282,817.00	(536,157.26)	(138,070.26)	39,884,730.00
Government Activities Capital Assets, net	\$ 41,724,260.00	\$ 16,911.56	\$ 223,525.99	\$ 41,517,645.57
Business-Type Activities:				
Equipment	\$ 1,445,495.34	\$ 112,823.90	\$ 20,899.00	\$ 1,537,420.24
Less: Accumulated Depreciation	(972,168.85)	(85,181.90)	(20,899.00)	(1,036,451.75)
Business-Type Activities Capital Assets, net	\$ 473,326.49	\$ 27,642.00	-	\$ 500,968.49

* Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 454,086.55
Special Education Instruction	309,031.52
Transportation	175,646.75
General Administration	238,466.82
School Administration	1,690.00
Operations and Maintenance	861,332.36
Student and Instruction Related Services	167,758.00
Total Depreciation Expense	<u>\$ 2,208,012.00</u>

Note 7: LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2012, the following changes occurred in long-term obligations:

	<u>Principal Outstanding July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2012</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 26,520,000.00		\$ (2,970,000.00)	\$ 23,550,000.00	\$ 3,040,000.00
Unamortized Costs:					
Premium on Bonds	203,303.20		(25,412.90)	177,890.30	25,412.90
Loss on Refunding	(1,043,170.91)		130,396.37	(912,774.54)	(130,396.37)
Obligations under Capital Lease	229,211.26	\$ 137,450.00	(118,455.62)	248,205.64	82,864.49
Other Post Employment Benefits	1,530,715.00			1,530,715.00	
Compensated Absences	2,362,306.59	55,819.35	(25,412.94)	2,392,713.00	14,967.00
Governmental Activity Long-term Liabilities	<u>\$ 29,802,365.14</u>	<u>\$ 193,269.35</u>	<u>\$ (3,008,885.09)</u>	<u>\$ 26,986,749.40</u>	<u>\$ 3,032,848.02</u>
Business Type Activities:					
Compensated Absences	<u>\$ 45,772.78</u>	<u>\$ 16,642.87</u>	<u>\$ (8,719.65)</u>	<u>\$ 53,696.00</u>	<u>-</u>

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

On February 24, 2005, the School District issued \$31,685,000.00 of refunding bonds at interest rates varying from 3.00% to 4.00%. The final maturity of these bonds is April 1, 2019. The bonds will be paid from property taxes.

Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 3,040,000.00	\$ 945,455.00	\$ 3,985,455.00
2014	3,130,000.00	816,255.00	3,946,255.00
2015	3,230,000.00	677,273.76	3,907,273.76
2016	3,295,000.00	560,967.50	3,855,967.50
2017	3,475,000.00	432,462.50	3,907,462.50
2018-2019	7,380,000.00	444,400.00	7,824,400.00
	<u>\$ 23,550,000.00</u>	<u>\$ 3,876,813.76</u>	<u>\$ 27,426,813.76</u>

Bonds Authorized but not Issued - As of June 30, 2012, the School District had no authorizations to issue additional bonded debt.

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

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

Capital Leases Payable - The School District is leasing copiers, computer software, and school buses totaling \$571,342.00 under capital leases. All capital leases are for terms of three years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2012.

Fiscal Year			
Ending June 30,	Principal	Interest	Total
2013	\$ 82,864.49	\$ 9,438.15	\$ 92,302.64
2014	86,224.70	6,077.94	92,302.64
2015	79,116.45	2,610.53	81,726.98
	<u>\$ 248,205.64</u>	<u>\$ 18,126.62</u>	<u>\$ 266,332.26</u>

Note 8: OPERATING LEASES

At June 30, 2012, the School District had operating lease agreements in effect for copy machines, mail machines and administrative office space. The future minimum rental payments under the operating lease agreements are as follows:

Fiscal Year	
Ending June 30,	Amount
2013	\$ 183,527.48
2014	170,431.48
2015	144,215.48
2016	11,934.48
2017	1,609.58
	<u>\$ 511,718.50</u>

Rental payments under operating leases for the fiscal year ended June 30, 2012 were \$204,537.23.

Note 9: PENSION PLANS

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

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

Note 9: PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund (TPAF) is a cost-sharing contributory defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members are determined by State statute. In accordance with Chapters 113, 114 and 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase will be phased-in over seven years beginning on July 1, 2012. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the district has been required over several preceding fiscal years.

Public Employees' Retirement System - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase will be phased-in over seven years beginning on July 1, 2012. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

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

Public Employees Retirement System					
Fiscal Year	Normal Contribution	Accrued Liability	Non-Contributory Group Life Insurance	Total Liability	Paid by School District
2012	\$ 352,185.00	\$ 704,371.00	\$ 67,315.00	\$1,123,871.00	\$ 1,123,871.00
2011	383,625.00	611,280.00	75,562.00	1,070,467.00	1,070,467.00
2010	327,963.00	421,395.00	103,919.00	853,277.00	853,277.00

Note 9: PENSION PLANS (CONT'D)

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

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

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

Defined Contribution Retirement Program

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Paid by School District</u>
2012	\$ 4,208.14		\$ 4,208.14	\$ 4,208.14
2011				None
2010				None

Note 10: POST-RETIREMENT BENEFITS

P.L. 1987, c.384 of P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for postemployment medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

Note 11: OTHER POSTEMPLOYMENT BENEFITS (OTHER THAN PENSION)

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

Funding Policy - Employees become eligible for retirement benefits based on hire date and years of service. There are no contribution requirements for the plan members. The School District established the requirements and they may be amended by the School District's Board of Education. The School District presently funds its current retiree postemployment benefit costs on a "pay-as-you-go" basis. The School District's contributions to the Plan for the fiscal year ended June 30, 2012 was \$101,243.00.

Annual OPEB Cost and Net OPEB Obligation - In accordance with Statement No. 45 of the Governmental Accounting Standards Board, the School District is required to expense the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The ARC includes the costs of both current and future retirees. As indicated, the School District has funded the cost of existing retirees in the amount of \$101,243.00, and in fiscal year 2012, the School District has accrued the benefit costs for future eligible employees, but has not yet begun funding this outstanding liability.

The School District's annual required contribution (ARC), the interest on the net OPEB obligation (asset), the adjustment to the ARC, the increase or decrease in the net OPEB obligation, the net OPEB obligation, and the percentage of annual OPEB cost contributed to the plan for fiscal years 2012, 2011, and 2010 are as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Annual Required Contribution (arc)	\$ 173,450.00	\$ 173,450.00	\$ 47,590.00
Interest on Net OPEB Obligation	78,616.00	78,616.00	57,108.84
Adjustment to Annual Required Contribution	<u>(150,823.00)</u>	<u>(46,018.00)</u>	<u>(6,587.56)</u>
Annual OPEB Cost	101,243.00	206,048.00	98,111.28
Contributions Made	<u>(101,243.00)</u>	<u>(103,054.00)</u>	<u>(98,111.28)</u>
Decrease in Net OPEB Obligation	-	102,994.00	-
Net OPEB Obligation, July 1	<u>1,530,715.00</u>	<u>1,427,721.00</u>	<u>1,427,721.00</u>
Net OPEB Obligation, June 30	<u>\$ 1,530,715.00</u>	<u>\$ 1,530,715.00</u>	<u>\$ 1,427,721.00</u>
Percentage of Annual OPEB Cost Contributed	100%	50%	100%

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

Funded Status and Funding Progress - As of June 30, 2011, the most recent actuarial valuation date, the School District's Plan was 0.0% funded. The actuarial accrued liability for benefits was \$1,530,715.00 and the actuarial value of Plan assets was \$0.00, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,530,715.00.

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

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

In the June 30, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 5.0% initially, reduced by decrements to an ultimate rate of 5.0% after ten years. Both rates included a 5.0% inflation assumption.

Note 12: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2012, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement costs related to TPAF. The amounts recognized as revenues and expenditures for normal costs and post-retirement costs were \$1,209,313.00 and \$2,431,036.00, respectively.

Note 13: RISK MANAGEMENT

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

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

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

Note 13: RISK MANAGEMENT (CONT'D)

The following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District's expendable trust fund 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>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2012	-	\$ 76,096.66	\$ 197,856.63	\$ 511,817.86
2011	-	72,308.97	502,545.25	627,135.50
2010	-	83,009.93	248,733.21	1,047,126.00

Self-Insurance Plan - The School District has adopted a plan of self-insurance for workers' compensation insurance. As of June 30, 2012, the records of the administrator of the plan show \$438,523.00 of potential claims. The District has established \$219,261.50 of the pending claims as accounts payable as of June 30, 2012. Additionally, the School District is required fund potential claims up to \$400,000.00 per any one accident. Claims greater than this amount are covered by an excess workers' compensation insurance policy. Any additional funds required for claims in excess of the amount payable will be paid and charged to the 2012-2013 or future budgets.

Joint Insurance Pool - The School District is a member of the Burlington and Camden County Educators Insurance Consortium, sub-fund of the New Jersey School Boards Association Group. The Fund provides its members with the following coverage:

- Property
- Comprehensive General Liability
- Commercial Inland Marine
- Boiler and Machinery
- Crime
- Automobile
- Environmental Impairment Liability
- School District Legal Liability

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Fund Board of Trustees 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 publishes its own financial report for the fiscal year ended June 30, 2012, which can be obtained from:

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

Note 14: DEFERRED COMPENSATION

The School District offers its employees a choice of six deferred compensation plans created in accordance with Internal Revenue Code 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
Ameriprise Financial
Syracusa
Midland National
Vanguard Group
Valic Investments

Note 15: COMPENSATED ABSENCES

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of June 30, 2012, the liability for compensated absences in the governmental activities and proprietary fund types was \$2,392,713.00 and \$53,696.00, respectively.

Note 16: INTERFUND BALANCES AND TRANSFERS

The following interfund balances were recorded on the various balance sheets as June 30, 2012:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 2,689,635.72	\$ 72,138.38
Special Revenue		1,830,503.98
Permanent	1,003.83	
Proprietary		795,235.31
Fiduciary	101,390.50	94,152.38
	<u>\$ 2,792,030.05</u>	<u>\$ 2,792,030.05</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2013, the District expects to liquidate such interfunds, depending upon the availability of cash flow.

Note 17: DEFICIT UNRESTRICTED NET ASSETS

The School District had a deficit in unrestricted net assets of \$3,928,760.23 as of June 30, 2012. This deficit was mostly attributable to the allocation of the unpaid liability for compensated absences and other postemployment benefits.

Note 18: DEFICIT RESTRICTED NET ASSETS

The School District had a deficit in restricted net assets for debt service of \$238,989.98 as of June 30, 2012. This deficit was attributable to the allocation of accrued interest.

Note 19: FUND BALANCES**NONSPENDABLE**

As stated in note 1, the Nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The nonspendable fund balances of the School District, as of June 30, 2012, are summarized as follows:

General Fund - The School District records inventory utilizing the consumption method of accounting. As a result, because inventory is recorded as an asset, even though it does not represent expendable financial resources, it is necessary to set aside fund balance at fiscal year-end by an amount equal to the carrying value of the inventory. As of June 30, 2012, the nonspendable fund balance was \$225,984.14.

Permanent Fund - The School District was the beneficiary of a distribution from an estate. In accordance with the terms of the distribution, the principal is to be invested upon good security, and the income only, derived there from, is to be used solely for student scholarships. As of June 30, 2012, the nonspendable fund balance amount was \$8,000.00.

RESTRICTED

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

General Fund -

For Legally Restricted Appropriations – As a result of unexpended capital outlay funds transferred from the capital projects fund, the School District has legally restricted fund balance in the amount of \$16,227.00.

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2012 of \$4,559,061.66 was generated during 2010-2011 has been restricted and designated for utilization in the 2012-2013 budget.

Note 19: FUND BALANCES (CONT'D)**RESTRICTED (CONT'D)****General Fund (Cont'd) -**

For Capital Reserve Account - As of June 30, 2012, the balance in the capital reserve account is \$6,412,953.84. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

For Emergency Reserve - As of June 30, 2012, the balance in the emergency reserve is \$432,583.40. 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).

Capital Projects Fund - On July 24, 2009 the District received approval from the Department of Education for window replacement at the Middle School. The project was funded with a combination of Grants from the State of New Jersey and transfers from Capital Outlay. In addition, the School District approved two additional projects upon adoption of the annual budget. These projects include window replacement at the Senior High School and demolition of Central School. As of June 30, 2012, the restricted fund balance amount was \$3,581,605.43, of which \$694,853.25 was restricted for reserve for encumbrances.

Debt Service Fund - As of June 30, 2012, \$0.03 of debt service fund balance is restricted for future debt service expenditures.

Permanent Fund - Other Purposes - The School District was the beneficiary of a distribution from an estate. In accordance with the terms of the distribution, any interest income derived from permanent fund principal is to be used solely for student scholarships. As of June 30, 2012, the restricted fund balance amount was \$654.13.

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 anticipated revenue for the fiscal year ending June 30, 2013 \$272,948.14 of general fund balance at June 30, 2012.

Other Purposes - As of June 30, 2012, the School District had \$1,170,554.27 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

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

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

Special Revenue Fund - As of June 30, 2012, the fund balance of the special revenue fund was \$647,061.99.

Note 20: LITIGATION

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

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 34,631,347.00		\$ 34,631,347.00	\$ 34,631,347.00	
Tuition	613,860.00		613,860.00	1,072,590.56	\$ 458,730.56
Interest Earned on Capital Reserve Funds				25,861.93	25,861.93
Interest Earned on Emergency Reserve Funds				4,302.49	4,302.49
Unrestricted Miscellaneous Revenues	423,113.00		423,113.00	460,255.32	37,142.32
Total - Local Sources	35,668,320.00	-	35,668,320.00	36,194,357.30	526,037.30
State Sources:					
Equalization Aid	41,330,163.00		41,330,163.00	41,330,163.00	
Special Education Aid	2,838,376.00		2,838,376.00	2,838,376.00	
Security Aid	473,689.00		473,689.00	1,385,430.00	911,741.00
Extraordinary Aid				605,452.00	605,452.00
Non-Public Transportation Aid				62,401.86	62,401.86
Other State Aid				246.00	246.00
Reimbursed TPAF Social Security Contributions (non-budgeted)				2,658,510.40	2,658,510.40
On-behalf TPAF Medical Contributions (non-budgeted)				2,431,036.00	2,431,036.00
On-behalf TPAF Pension Contributions (non-budgeted)				1,209,313.00	1,209,313.00
Total - State Sources	44,642,228.00	-	44,642,228.00	52,520,928.26	7,878,700.26
Federal Sources:					
Education Jobs Fund	1,600,166.00	\$ 50,130.00	1,650,296.00	1,650,296.00	
Medicaid Administrative Claiming Aid				14,980.15	14,980.15
SEMI -- Medicaid Initiative	180,176.00		180,176.00	183,733.72	3,557.72
Total - Federal Sources	1,780,342.00	50,130.00	1,830,472.00	1,849,009.87	18,537.87
Total Revenues	82,090,890.00	50,130.00	82,141,020.00	90,564,295.43	8,423,275.43

(Continued)

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES:					
GENERAL CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 1,768,641.00	\$ (483,110.03)	\$ 1,285,530.97	\$ 1,253,620.36	\$ 31,910.61
Grades 1 - 5	9,158,628.00	(987,184.47)	8,171,443.53	8,016,771.31	154,672.22
Grades 6 - 8	5,367,348.00	301,087.58	5,668,435.58	5,507,337.88	161,097.70
Grades 9 - 12	7,696,437.00	(37,479.59)	7,658,957.41	7,475,396.71	183,560.70
Regular Programs - Home Instruction:					
Salaries of Teachers	55,000.00	6,729.75	61,729.75	61,729.75	
Purchased Professional - Educational Services	37,000.00	503.97	37,503.97	36,021.97	1,482.00
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	381,549.00	(1,233.97)	380,315.03	355,943.62	24,371.41
Purchased Professional - Educational Services	55,000.00	(32,100.00)	22,900.00	14,766.87	8,133.13
Other Purchased Services	19,000.00		19,000.00	12,814.46	6,185.54
General Supplies	567,500.00	179,060.96	746,560.96	661,390.43	85,170.53
Textbooks	313,500.00	(46,000.00)	267,500.00	209,868.11	57,631.89
Other Objects	8,500.00		8,500.00	1,060.85	7,439.15
Total - Regular Programs	25,428,103.00	(1,099,725.80)	24,328,377.20	23,606,722.32	721,654.88
Special Education:					
Cognitive Mild:					
Salaries of Teachers	169,269.00	(51,283.76)	117,985.24	63,551.79	54,433.45
Other Salaries for Instruction	18,573.00		18,573.00	10,297.40	8,275.60
General Supplies	750.00		750.00	134.10	615.90
Textbooks	250.00		250.00		250.00
Total - Cognitive Mild	188,842.00	(51,283.76)	137,558.24	73,983.29	63,574.95
Learning and/or Language Disabilities:					
Salaries of Teachers	2,048,142.00	120,090.38	2,168,232.38	2,107,754.42	60,477.96
Other Salaries for Instruction	365,298.00	19,909.62	385,207.62	384,923.82	283.80
General Supplies	38,000.00		38,000.00	33,418.26	4,581.74
Textbooks	20,000.00		20,000.00	19,742.37	257.63
Total - Learning and/or Language Disabilities	2,471,440.00	19,909.62	2,611,440.00	2,545,838.87	65,601.13
Behavioral Disabilities:					
Salaries of Teachers	965,765.00	(100,000.00)	865,765.00	795,170.22	70,594.78
Other Salaries for Instruction	135,582.00		135,582.00	108,720.77	26,861.23
General Supplies	10,000.00		10,000.00	7,216.55	2,783.45
Textbooks	12,000.00		12,000.00		12,000.00
Other Objects	650.00		650.00	39.90	610.10
Total - Behavioral Disabilities	1,123,997.00	(100,000.00)	1,023,997.00	911,147.44	112,849.56

(Continued)

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Special Education(Cont'd):					
Multiple Disabilities:					
Salaries of Teachers	\$ 266,578.00	\$ 10,000.00	\$ 276,578.00	\$ 268,074.60	\$ 8,503.40
Other Salaries for Instruction	53,404.00		53,404.00	42,776.10	10,627.90
General Supplies	18,000.00	844.75	18,844.75	16,620.48	2,224.27
Textbooks	4,500.00		4,500.00		4,500.00
Other Objects	150.00		150.00	125.00	25.00
Total - Multiple Disabilities	<u>342,632.00</u>	<u>844.75</u>	<u>353,476.75</u>	<u>327,596.18</u>	<u>25,880.57</u>
Resource Room/Center:					
Salaries of Teachers	2,279,300.00	(294,573.77)	1,984,726.23	1,935,106.46	49,619.77
Other Salaries for Instruction		53,514.72	53,514.72	52,326.22	1,188.50
General Supplies	18,000.00		18,000.00	17,122.20	877.80
Textbooks	12,000.00	(5,514.72)	6,485.28	2,569.30	3,915.98
Total - Resource Room/Center	<u>2,309,300.00</u>	<u>(5,514.72)</u>	<u>2,062,726.23</u>	<u>2,007,124.18</u>	<u>55,602.05</u>
Autism:					
Salaries of Teachers	56,763.00	4,000.00	60,763.00	58,524.90	2,238.10
Other Salaries for Instruction	11,313.00	22,000.00	33,313.00	32,341.47	971.53
General Supplies	2,000.00		2,000.00	1,686.75	313.25
Total - Autism	<u>70,076.00</u>	<u>22,000.00</u>	<u>96,076.00</u>	<u>92,553.12</u>	<u>3,522.88</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	-	169,150.00	169,150.00	164,850.00	4,300.00
Preschool Disabilities - Full-Time:					
Salaries of Teachers	-	54,571.43	54,571.43	53,170.01	1,401.42
Home Instruction:					
Salaries of Teachers	35,000.00		35,000.00	3,898.50	31,101.50
Purchased Professional - Educational Services	75,000.00		75,000.00	40,109.38	34,890.62
Total - Home Instruction	<u>110,000.00</u>	<u>-</u>	<u>110,000.00</u>	<u>44,007.88</u>	<u>65,992.12</u>
Total - Special Education	<u>6,616,287.00</u>	<u>109,677.32</u>	<u>6,618,995.65</u>	<u>6,220,270.97</u>	<u>398,724.68</u>
Basic Skills / Remedial - Instruction:					
Salaries of Teachers	-	124,000.00	124,000.00	106,490.28	17,509.72
Bilingual Education:					
Salaries of Teachers	375,256.00	(32,342.47)	342,913.53	330,719.98	12,193.55
Purchased Professional - Educational Services		4,200.00	4,200.00		4,200.00
Other Purchased Services	250.00		250.00		250.00
General Supplies	1,500.00	(1,000.00)	500.00		500.00
Total - Bilingual Education:	<u>377,006.00</u>	<u>(29,142.47)</u>	<u>347,863.53</u>	<u>330,719.98</u>	<u>17,143.55</u>

(Continued)

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
School Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 198,855.00	\$ 54,940.00	\$ 253,795.00	\$ 253,779.00	\$ 16.00
Purchased Services	9,000.00	1,360.00	10,360.00	5,066.92	5,293.08
Supplies and Materials	15,000.00	23,388.90	38,388.90	35,998.95	2,389.95
Other Objects	16,000.00	1,189.70	17,189.70	16,202.65	987.05
Total - School Sponsored Cocurricular Activities - Instruction	238,855.00	80,878.60	319,733.60	311,047.52	8,686.08
School Sponsored Athletics - Instruction:					
Salaries	413,536.00	(26,000.00)	387,536.00	384,941.82	2,594.18
Purchased Services	18,500.00	(4,500.00)	14,000.00	13,866.60	133.40
Supplies and Materials	79,800.00	9,129.00	88,929.00	87,054.81	1,874.19
Other Objects	20,000.00		20,000.00	19,046.50	953.50
Transfers to Cover Deficit	30,000.00	(30,000.00)			
Total - School Sponsored Athletics - Instruction	561,836.00	(51,371.00)	510,465.00	504,909.73	5,555.27
Summer School Instruction:					
Salaries of Teachers	182,600.00	(34,381.00)	148,219.00	148,193.75	25.25
Other Salaries for Instruction	17,424.00	1,791.00	19,215.00	19,215.00	
General Supplies	1,200.00	10,000.00	11,200.00	10,792.41	407.59
Total - Summer School Instruction	201,224.00	(22,590.00)	178,634.00	178,201.16	432.84
Alternative Education Program - Instruction					
Salaries of Teachers	106,560.00	108,505.25	215,065.25	215,065.25	
Other Salaries for Instruction	57,960.00	(30,145.25)	27,814.75	21,425.75	6,389.00
General Supplies	3,500.00		3,500.00	1,833.42	1,666.58
Total - Alternative Education Program - Instruction	168,020.00	78,360.00	246,380.00	238,324.42	8,055.58
Alternative Education Program - Support Services					
Salaries	31,680.00	-	31,680.00	30,318.00	1,362.00
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs within the State - Regular	95,000.00	(2,850.00)	92,150.00	74,729.56	17,420.44
Tuition to Other LEAs within the State - Special	180,000.00		180,000.00	54,569.00	125,431.00
Tuition to County Voc. School Dist. - Regular	712,500.00	(168,150.00)	544,350.00	544,350.00	
Tuition to County Voc. School Dist. - Special		171,000.00	171,000.00	171,000.00	
Tuition to CSSD & Reg. Day Schools	3,122,386.00	(135,743.20)	2,986,642.80	2,952,463.74	34,179.06
Tuition to Private School for the Disabled within State	2,086,400.00	(299,798.80)	1,786,601.20	1,686,091.30	100,509.90
Tuition to Private School for the Disabled & Other LEAs Outside State	146,000.00		146,000.00	121,512.00	24,488.00
Tuition -- State Facilities	250,000.00	52,000.00	302,000.00	300,483.00	1,517.00
Tuition -- Other	399,175.00	91,500.00	490,675.00	463,832.00	26,843.00
Total - Undistributed Expenditures - Instruction	6,991,461.00	(292,042.00)	6,699,419.00	6,369,030.60	330,388.40
Total - Instruction	40,614,472.00	(1,101,955.35)	39,405,547.98	37,896,034.98	1,509,513.00

(Continued)

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures - Attendance and Social Work:					
Salaries	\$ 92,493.00		\$ 92,493.00	\$ 92,115.24	\$ 377.76
Other Purchased Services	1,000.00		1,000.00	321.47	678.53
Supplies and Materials	500.00		500.00	122.80	377.20
Total - Undistributed Expenditures - Attendance and Social Work	93,993.00	-	93,993.00	92,559.51	1,433.49
Health Services:					
Salaries	835,136.00	\$ (22,470.00)	812,666.00	779,028.01	33,637.99
Purchased Professional and Technical Services	50,000.00		50,000.00	50,000.00	
Other Purchased Services	2,000.00		2,000.00	480.00	1,520.00
Supplies and Materials	15,000.00		15,000.00	14,957.22	42.78
Total - Health Services	902,136.00	(22,470.00)	879,666.00	844,465.23	35,200.77
Other Support Services - Students - Related Services:					
Salaries	635,891.00	3,000.00	638,891.00	627,309.41	11,581.59
Purchased Professional - Educational Services	185,000.00		185,000.00	102,536.00	82,464.00
Supplies and Materials	7,000.00		7,000.00	4,706.27	2,293.73
Total - Other Support Services-Students-Related Services	827,891.00	3,000.00	830,891.00	734,551.68	96,339.32
Other Support Services - Students - Extra Services:					
Salaries	477,909.00	(185,000.00)	292,909.00	260,253.35	32,655.65
Purchased Professional - Educational Services	350,000.00		350,000.00	238,084.29	111,915.71
Total - Other Support Services - Students - Extra Services	827,909.00	(185,000.00)	642,909.00	498,337.64	144,571.36

(Continued)

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Other Support Services - Students - Regular:					
Salaries of Other Professional Staff	\$ 1,251,624.00		\$ 1,251,624.00	\$ 1,187,817.76	\$ 63,806.24
Salaries of Secretarial and Clerical Assistants	99,938.00		99,938.00	66,920.88	33,017.12
Purchased Professional - Educational Services	3,000.00		3,000.00		3,000.00
Other Purchased Professional and Technical Services	50,000.00		50,000.00	44,000.00	6,000.00
Supplies and Materials	32,500.00		32,500.00	19,856.73	12,643.27
Total - Other Support Services - Students - Regular	1,437,062.00	-	1,437,062.00	1,318,595.37	118,466.63
Other Support Services - Students - Special Services:					
Salaries of Other Professional Staff	1,366,149.00	\$ 2,200.00	1,368,349.00	1,280,372.10	87,976.90
Salaries of Secretarial and Clerical Assistants	86,723.00	(2,200.00)	84,523.00	81,340.82	3,182.18
Purchased Professional - Educational Services	60,000.00	600.00	60,600.00	49,444.28	11,155.72
Miscellaneous Purchased Services	5,000.00		5,000.00	2,751.82	2,248.18
Supplies and Materials	9,000.00		9,000.00	8,347.95	652.05
Total - Other Support Services - Students - Special Services	1,526,872.00	600.00	1,527,472.00	1,422,256.97	105,215.03
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	520,387.00	(25,000.00)	495,387.00	454,986.62	40,400.38
Salaries of Other Professional Staff	10,000.00	1,446.50	11,446.50	11,446.50	
Salaries of Secretarial and Clerical Assistants		33,000.00	33,000.00	25,921.08	7,078.92
Other Purchased Services	5,000.00	(1,384.50)	3,615.50	255.00	3,360.50
Supplies and Materials	3,000.00	(62.00)	2,938.00	1,511.50	1,426.50
Total - Improvement of Instruction Services	538,387.00	8,000.00	546,387.00	494,120.70	52,266.30
Educational Media Services/School Library:					
Salaries	395,726.00	45,811.17	441,537.17	435,297.29	6,239.88
Other Purchased Services	34,500.00	(3,106.17)	31,393.83	27,500.51	3,893.32
Supplies and Materials	63,500.00	(4,305.00)	59,195.00	46,398.44	12,796.56
Total - Educational Media Services/School Library	493,726.00	38,400.00	532,126.00	509,196.24	22,929.76
Instructional Staff Training Services:					
Salaries of Other Professional Staff	5,000.00	8,850.00	13,850.00	741.00	13,109.00
Purchased Professional- Educational Services		25,999.00	25,999.00	25,998.50	0.50
Other Purchased Services	1,500.00	13,151.00	14,651.00	12,971.19	1,679.81
Supplies and Materials	1,500.00	(1,500.00)			
Total - Instructional Staff Training Services	8,000.00	46,500.00	54,500.00	39,710.69	14,789.31

(Continued)

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Support Services General Administration:					
Salaries	\$ 429,614.00	\$ (50,974.00)	\$ 378,640.00	\$ 377,138.06	\$ 1,501.94
Legal Services	135,000.00	(10,777.00)	124,223.00	81,254.07	42,968.93
Audit Fees	122,000.00	4,656.00	126,656.00	126,656.00	
Architectural/Engineering Services	60,000.00	44,627.02	104,627.02	101,914.23	2,712.79
Other Purchased Professional Services		77,095.00	77,095.00	69,050.00	8,045.00
Communications/Telephone/ Postage	206,000.00		206,000.00	145,215.74	60,784.26
BOE Other Purchased Services	6,000.00		6,000.00	3,655.51	2,344.49
Other Purchased Services	214,500.00	39,965.00	254,465.00	205,858.12	48,606.88
General Supplies	173,300.00	(41,045.75)	132,254.25	116,688.29	15,565.96
BOE In-House Training / Meeting Supplies	500.00		500.00		500.00
Miscellaneous Expenditures	12,500.00	65,015.00	77,515.00	14,259.65	63,255.35
BOE Membership Dues and Fees	30,000.00		30,000.00	28,033.95	1,966.05
Total - Support Services General Administration	1,389,414.00	128,561.27	1,517,975.27	1,269,723.62	248,251.65
Support Services School Administration:					
Salaries of Principals/Assistant Principals	1,790,406.00	2,967.72	1,793,373.72	1,783,340.42	10,033.30
Salaries of Other Professional Staff	120,772.00	5,032.28	125,804.28	125,804.28	
Salaries of Secretarial and Clerical Assistants	720,290.00	(8,000.00)	712,290.00	702,190.47	10,099.53
Other Salaries	110,544.00		110,544.00	106,276.03	4,267.97
Other Purchased Services	10,500.00		10,500.00	1,150.60	9,349.40
Supplies and Materials	57,000.00		57,000.00	38,594.92	18,405.08
Other Objects	24,500.00	22.00	24,522.00	20,548.16	3,973.84
Total - Support Services School Administration	2,834,012.00	22.00	2,834,034.00	2,777,904.88	56,129.12
Central Services:					
Salaries	789,729.00		789,729.00	694,720.24	95,008.76
Purchased Technical Services	49,000.00	19,470.00	68,470.00	67,114.75	1,355.25
Miscellaneous Purchased Services	32,600.00	(14,889.81)	17,710.19	4,288.53	13,421.66
Supplies and Materials	18,000.00	964.81	18,964.81	18,664.45	300.36
Miscellaneous Expenditures	4,000.00	(75.00)	3,925.00	3,270.78	654.22
Total - Central Services	893,329.00	5,470.00	898,799.00	788,058.75	110,740.25
Administrative Information Technology:					
Salaries	312,049.00	(4,755.00)	307,294.00	305,733.54	1,560.46
Purchased Professional Services	1,000.00	(1,000.00)			
Purchased Technical Services	55,000.00	96,668.53	151,668.53	151,668.53	
Other Purchased Services	203,000.00	9,094.52	212,094.52	212,094.52	
Supplies and Materials	132,000.00	43,991.95	175,991.95	146,940.64	29,051.31
Total - Administrative Information Technology	703,049.00	144,000.00	847,049.00	816,437.23	30,611.77

(Continued)

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Required Maintenance for School Facilities:					
Salaries	\$ 1,093,561.00	\$ (42,000.00)	\$ 1,051,561.00	\$ 1,016,487.61	\$ 35,073.39
Cleaning, Repair & Maintenance Services	212,430.00	(8,586.00)	203,844.00	156,888.01	46,955.99
General Supplies	198,000.00	14,211.70	212,211.70	139,062.65	73,149.05
Total - Required Maintenance for School Facilities	<u>1,503,991.00</u>	<u>(36,374.30)</u>	<u>1,467,616.70</u>	<u>1,312,438.27</u>	<u>155,178.43</u>
Other Operation and Maintenance of Plant Services:					
Salaries	2,994,557.00	(7,000.00)	2,987,557.00	2,948,762.41	38,794.59
Purchased Professional and Technical Services	210,157.00	150,640.00	360,797.00	360,787.02	9.98
Cleaning, Repair and Maintenance Services	105,000.00	770.00	105,770.00	99,863.62	5,906.38
Rental of Land & Building Other Than Lease Purchase Agreement	130,000.00	(1,013.00)	128,987.00	125,000.00	3,987.00
Other Purchased Property Services	87,850.00		87,850.00	78,445.46	9,404.54
Insurance	400,000.00	6,533.21	406,533.21	403,512.32	3,020.89
Miscellaneous Purchased Services	3,500.00		3,500.00		3,500.00
General Supplies	204,200.00	180,314.64	384,514.64	223,383.66	161,130.98
Energy (Natural Gas & Electricity)	2,182,512.00	(595,128.88)	1,587,383.12	1,566,876.31	20,506.81
Other Objects	7,000.00	4,100.00	11,100.00	10,145.70	954.30
Total - Other Operation and Maintenance of Plant Services	<u>6,324,776.00</u>	<u>(260,784.03)</u>	<u>6,063,991.97</u>	<u>5,816,776.50</u>	<u>247,215.47</u>
Undistributed Expenditures - Care & Upkeep of Grounds					
Salaries	441,884.00	(23,000.00)	418,884.00	396,989.32	21,894.68
Cleaning, Repair and Maintenance Services	22,000.00	4,400.00	26,400.00	9,323.51	17,076.49
General Supplies	70,000.00	(14,000.00)	56,000.00	50,230.29	5,769.71
Total - Care & Upkeep of Grounds	<u>533,884.00</u>	<u>(32,600.00)</u>	<u>501,284.00</u>	<u>456,543.12</u>	<u>44,740.88</u>

(Continued)

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Student Transportation Services:					
Salaries of Non-Instructional Aids	\$ 270,669.00	\$ (13,103.02)	\$ 257,565.98	\$ 227,171.61	\$ 30,394.37
Salaries for Pupil Transportation (Between Home & School) - Regular	375,262.00	(4,826.77)	370,435.23	365,370.83	5,064.40
Salaries for Pupil Transportation (Between Home & School) - Special Education	609,020.00	16,553.32	625,573.32	607,035.60	18,537.72
Salaries for Pupil Transportation (Other than Between Home & School)	200,000.00		200,000.00	185,249.09	14,750.91
Salaries for Pupil Transportation (Between Home & School) - Non-Public School	50,752.00	1,376.47	52,128.47	50,115.18	2,013.29
Management Fee - ESC & CTSA Transportation Program	43,560.00		43,560.00	29,786.45	13,773.55
Other Purchased Professional and Technical Services	25,000.00		25,000.00	4,125.00	20,875.00
Cleaning, Repair and Maintenance Services	35,000.00	2,496.20	37,496.20	32,419.19	5,077.01
Lease Purchase Payments - School Buses	127,000.00	(30,000.00)	97,000.00	83,920.70	13,079.30
Contracted Services (Between Home & School) - Vendors	850,000.00	(60,000.00)	790,000.00	782,069.74	7,930.26
Contracted Services (Other Than Between Home & School) - Vendors	57,212.00		57,212.00	44,879.08	12,332.92
Contracted Services (Special Education Students) - Vendors	55,000.00	344.00	55,344.00	13,246.60	42,097.40
Contracted Services (Special Education Students) - ESCs & CTSA	1,089,000.00	(60,000.00)	1,029,000.00	992,881.46	36,118.54
Contracted Services - Aid in Lieu of Payments - Non-Public Schools	225,000.00	30,000.00	255,000.00	233,513.18	21,486.82
Contracted Services - Aid in Lieu of Payments - Charter Schools	52,000.00	20,000.00	72,000.00	66,742.00	5,258.00
Miscellaneous Purchased Services		4,000.00	4,000.00	885.25	3,114.75
General Supplies	316,500.00	96,000.00	412,500.00	275,432.49	137,067.51
Transportation Supplies	75,000.00		75,000.00	53,125.00	21,875.00
Other Objects	14,000.00		14,000.00	9,085.44	4,914.56
Total - Student Transportation Services	4,469,975.00	2,840.20	4,472,815.20	4,057,053.89	415,761.31
Student Transportation Services - Employee Benefits:					
Social Security Contributions	119,000.00		119,000.00	104,967.17	14,032.83
Health Benefits	700,000.00		700,000.00	700,000.00	
Total - Student Transportation Services - Employee Benefits	819,000.00	-	819,000.00	804,967.17	14,032.83
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	972,500.00	131,061.00	1,103,561.00	987,961.16	115,599.84
Other Retirement Contributions -Regular	1,240,055.00		1,240,055.00	1,123,871.00	116,184.00
Workers Compensation	535,000.00		535,000.00	361,546.10	173,453.90
Health Benefits	13,602,139.00	1,135,933.00	14,738,072.00	13,726,996.94	1,011,075.06
Tuition Reimbursements	170,000.00	(19,130.00)	150,870.00	94,287.80	56,582.20
Other Employee Benefits	273,000.00	3,588.00	276,588.00	144,527.40	132,060.60
Total - Unallocated Benefits - Employee Benefits	16,792,694.00	1,251,452.00	18,044,146.00	16,439,190.40	1,604,955.60

(Continued)

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
TPAF Contributions:					
On-behalf TPAF Pension Contributions				\$ 1,209,313.00	\$ (1,209,313.00)
On-behalf TPAF Medical Contributions				2,431,036.00	(2,431,036.00)
Reimbursed TPAF Social Security Contributions				2,658,510.40	(2,658,510.40)
Total TPAF Contributions	-	-	-	6,298,859.40	(6,298,859.40)
Total Undistributed Expenses	\$ 42,920,100.00	\$ 1,091,617.14	\$ 44,011,717.14	46,791,747.26	(2,780,030.12)
Total Expenditures - Current Expense	83,534,572.00	(10,338.21)	83,417,265.12	84,687,782.24	(1,270,517.12)
CAPITAL OUTLAY:					
Equipment:					
Grades 9-12					
Undistributed Expenditures - Admin Info Tech.		44,888.23	44,888.23	44,615.83	272.40
Undistributed Expenditures - Operation and Maintenance of Plant		100,000.00	100,000.00		100,000.00
Undistributed Expenditures - Care / Upkeep of Grounds		14,000.00	14,000.00	12,595.00	1,405.00
Undistributed Expenditures - Student Trans. - Non-Inst. Equip.	5,000.00		5,000.00		5,000.00
School Buses - Regular	590,000.00	(83,888.23)	506,111.77	505,734.00	377.77
Total - Equipment	595,000.00	75,000.00	670,000.00	562,944.83	107,055.17
Facilities Acquisition and Construction Services:					
Architectural / Engineering Services	200,000.00	(200,000.00)			
Construction Services	4,350,000.00	(4,350,000.00)			
Total - Facilities Acquisition and Construction Services	4,550,000.00	(4,550,000.00)	-	-	-
Assets Acquired Under Capital Leases (Non-Budgeted)					
Undistributed Expenditures - Equipment	-	-	-	137,450.00	(137,450.00)
Total Capital Outlay	5,145,000.00	(4,475,000.00)	670,000.00	700,394.83	(30,394.83)
Transfer of Funds to Charter Schools	1,651,000.00	151,172.00	1,802,172.00	1,802,172.00	-
Total Expenditures	90,330,572.00	(4,334,166.21)	85,889,437.12	87,190,349.07	(1,300,911.95)

(Continued)

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Calculation of Deficiency of Revenues Under Expenditures:					
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (8,239,682.00)	\$ 4,384,296.21	\$ (3,748,417.12)	\$ 3,373,946.36	\$ 7,122,363.48
Other Financing Sources (Uses):					
Change in Supplies Inventory				42,061.66	42,061.66
Transfers in from Capital Projects to Capital Outlay Legally Restricted				16,227.00	(16,227.00)
Transfers in from Capital Projects to Capital Reserve				312,731.00	(312,731.00)
Capital Reserve Transferred to Capital Projects		(4,550,000.00)	(4,550,000.00)	(4,550,000.00)	
Operating Transfer Out -- Fiduciary Fund		(35,600.00)	(35,600.00)	(35,600.00)	
Assets Acquired Under Capital Lease				137,450.00	(137,450.00)
Cancellation of Special Revenue Grant Balances				235,801.93	235,801.93
Total - Other Financing Sources (Uses)	-	(4,585,600.00)	(4,585,600.00)	(3,841,328.41)	(188,544.41)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(8,239,682.00)	(94,335.12)	(8,334,017.12)	(467,382.05)	7,866,635.07
Fund Balances, July 1	17,796,614.50	-	17,796,614.50	17,796,614.50	-
Fund Balances, June 30	<u>\$ 9,556,932.50</u>	<u>\$ (94,335.12)</u>	<u>\$ 9,462,597.38</u>	<u>\$ 17,329,232.45</u>	<u>\$ 7,866,635.07</u>
Recapitulation:					
Nonspendable Fund Balance:					
Reserve for Supplies Inventory				\$ 225,984.14	
Restricted Fund Balance:					
Excess Surplus -- Designated for Subsequent Years Expenditures				4,559,061.66	
Capital Outlay Legally Restricted				16,227.00	
Emergency Reserve				432,583.40	
Capital Reserve				4,428,592.84	
Capital Reserve -- Designated for Subsequent Years Expenditures				1,984,361.00	
Assigned Fund Balance:					
Other Purposes				1,170,554.27	
Designated for Subsequent Years Expenditures				2,141,696.34	
Unassigned Fund Balance				<u>2,370,171.80</u>	
				17,329,232.45	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				<u>(4,238,920.00)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 13,090,312.45</u>	

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund -- Educational Jobs Fund
 For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Federal Sources:					
Education Jobs Fund	\$ 1,600,166.00	\$ 50,130.00	\$ 1,650,296.00	\$ 1,650,296.00	-
EXPENDITURES:					
GENERAL CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Grades 9 - 12	731,980.00	30,000.00	761,980.00	761,980.00	-
Undistributed Expenditures:					
Unallocated Benefits - Employee Benefits:					
Social Security Contribution	131,061.00		131,061.00	131,061.00	
Health Benefits	737,125.00	20,130.00	757,255.00	757,255.00	
Total - Unallocated Benefits - Employee Benefits	868,186.00	20,130.00	888,316.00	888,316.00	-
Total Expenditures - Current Expense	1,600,166.00	50,130.00	1,650,296.00	1,650,296.00	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	-	-	-
Fund Balances, July 1	-	-	-	-	-
Fund Balances, June 30	-	-	-	-	-

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
State Sources:					
Preschool Education Aid	\$ 1,600,000.00		\$ 1,600,000.00	\$ 1,341,822.76	\$ (258,177.24)
Adult Education Aid		\$ 28,400.00	28,400.00	26,415.72	(1,984.28)
Non-Public Nursing	99,033.00	(10,361.00)	88,672.00	88,150.08	(521.92)
Non-Public Textbook	69,331.00	(7,254.00)	62,077.00	52,662.01	(9,414.99)
Chapter 192 Auxiliary Services	301,216.00	(31,514.00)	269,702.00	236,857.77	(32,844.23)
Chapter 193 Handicapped Services	210,682.00	(22,042.00)	188,640.00	131,211.59	(57,428.41)
Total - State Sources	2,280,262.00	(42,771.00)	2,237,491.00	1,877,119.93	(360,371.07)
Federal Sources:					
Title I	1,585,913.00	641,247.95	2,227,160.95	1,454,001.92	(773,159.03)
Title I ARRA		293,235.75	293,235.75	88,244.25	(204,991.50)
Title IA School Improvement - Part A		88,365.68	88,365.68	27,152.49	(61,213.19)
Title II Part A	267,954.00	102,305.90	370,259.90	200,201.48	(170,058.42)
Title II Part D		10,698.81	10,698.81	228.81	(10,470.00)
Title III	66,446.00	32,264.60	98,710.60	25,237.56	(73,473.04)
Title III Immigrant		18,002.00	18,002.00		(18,002.00)
Title V		1,038.25	1,038.25		(1,038.25)
I.D.E.I.A., Part B Basic	1,741,139.00	137,553.52	1,878,692.52	1,696,070.18	(182,622.34)
I.D.E.I.A., Part B Basic ARRA		192,435.68	192,435.68	43,913.68	(148,522.00)
I.D.E.I.A., Part B, Preschool		51,087.70	51,087.70	790.00	(50,297.70)
I.D.E.I.A., Part B, Preschool ARRA		63,739.00	63,739.00	63,282.80	(456.20)
Total - Federal Sources	3,661,452.00	1,631,974.84	5,293,426.84	3,599,123.17	(1,694,303.67)
Local Sources:					
Rebel		467.25	467.25	467.25	
PASA		11,942.94	11,942.94	6,847.05	(5,095.89)
Not on Tobacco		940.00	940.00		(940.00)
West Jersey Reading Council		1,000.00	1,000.00		(1,000.00)
Safety Incentive		10,131.00	10,131.00	10,131.00	
Total - Local Sources	-	24,481.19	24,481.19	17,445.30	(7,035.89)
Total Revenues	\$ 5,941,714.00	\$ 1,613,685.03	\$ 7,555,399.03	\$ 5,493,688.40	\$ (2,061,710.63)

(Continued)

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 1,421,996.60	\$ 537,412.31	\$ 1,959,408.91	\$ 1,652,025.62	\$ 307,383.29
Other Salaries for Instruction	284,507.95	11,123.05	295,631.00	242,531.87	53,099.13
Purchased Professional & Technical Services	1,037,951.19	225,346.35	1,263,297.54	644,508.43	618,789.11
Tuition	1,258,045.88	321,398.12	1,579,444.00	1,579,444.00	
General Supplies	223,038.13	70,837.56	293,875.69	105,990.78	187,884.91
Textbooks	69,330.57	(7,253.57)	62,077.00	52,662.01	9,414.99
Other Objects	88,264.19	52,008.81	140,273.00	11,441.52	128,831.48
Total Instruction	<u>4,383,134.51</u>	<u>1,210,872.63</u>	<u>5,594,007.14</u>	<u>4,288,604.23</u>	<u>1,305,402.91</u>
Support Services:					
Salaries of Other Professional Staff	20,510.18	5,239.82	25,750.00		25,750.00
Personal Services - Employee Benefits	470,193.91	92,515.15	562,709.06	467,083.45	95,625.61
Purchased Professional & Technical Services	396,106.27	163,560.97	559,667.24	227,315.55	332,351.69
Other Purchased Services	104,954.34	(8,187.89)	96,766.45	92,179.27	4,587.18
Contracted Services - Transportation Other than Between Home and School	22,764.71	(2,481.71)	20,283.00	5,715.77	14,567.23
Travel	2,150.09	901.19	3,051.28		3,051.28
Supplies and Materials	151,227.83	201,806.03	353,033.86	78,599.22	274,434.64
Other Objects	60,672.16	(60,672.16)			
Total Support Services	<u>1,228,579.49</u>	<u>392,681.40</u>	<u>1,621,260.89</u>	<u>870,893.26</u>	<u>750,367.63</u>
Capital Outlay:					
Instructional Equipment	27,000.00		27,000.00	21,588.95	5,411.05
Non-Instructional Equipment	303,000.00	10,131.00	313,131.00	312,601.96	529.04
	<u>330,000.00</u>	<u>10,131.00</u>	<u>340,131.00</u>	<u>334,190.91</u>	<u>5,940.09</u>
Total Expenditures	<u>\$ 5,941,714.00</u>	<u>\$ 1,613,685.03</u>	<u>\$ 7,555,399.03</u>	<u>\$ 5,493,688.40</u>	<u>\$ 2,061,710.63</u>

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

Required Supplementary Information
 Budget-to-GAAP Reconciliation
 For the Fiscal Year Ended June 30, 2012

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	\$ 90,564,295.43	\$ 5,493,688.40
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		356,048.85
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.		(479,284.78)
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 2011.	4,080,709.20	79,138.80
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July 2012.	<u>(4,238,920.00)</u>	<u>(86,241.00)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 90,406,084.63</u>	<u>\$ 5,363,350.27</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 87,190,349.07	\$ 5,493,688.40
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>356,048.85</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 87,190,349.07</u>	<u>\$ 5,849,737.25</u>

REQUIRED SUPPLEMENTARY INFORMATION
PART III

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Funding Progress for Health Benefits Plan
 For the Fiscal Year Ended June 30, 2012

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Notes to Required Supplementary Information
 For the Fiscal Year Ended June 30, 2012

Other Postemployment Benefits

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

Valuation Date	June 30, 2011
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate	5.0%
Rate of Salary Increases	N/A
Rate of Dental Inflation	5.0%

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

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2012

	<u>Total</u>	I.A.S.A.					<u>Total Brought Forward</u>
		<u>Title I</u>	<u>Title I ARRA</u>	<u>Title I SIA</u>	<u>Title II Part A</u>	<u>Title II Part D</u>	
REVENUES:							
Federal Sources	\$ 3,599,123.17	\$ 1,454,001.92	\$ 88,244.25	\$ 27,152.49	\$ 200,201.48	\$ 228.81	\$ 1,829,294.22
State Sources	1,877,119.93						1,877,119.93
Local Sources	17,445.30						17,445.30
Total Revenues	\$ 5,493,688.40	\$ 1,454,001.92	\$ 88,244.25	\$ 27,152.49	\$ 200,201.48	\$ 228.81	\$ 3,723,859.45
EXPENDITURES:							
Instruction:							
Salaries of Teachers	\$ 1,652,025.62	\$ 932,471.75	\$ 37,744.75	\$ 1,374.75	\$ 166,600.47		\$ 513,833.90
Other Salaries for Instruction	242,531.87		30,000.00				212,531.87
Purchased Professional & Technical Services	644,508.43	247,998.91					396,509.52
Tuition	1,579,444.00						1,579,444.00
General Supplies	105,990.78	5,653.80		1,253.84		\$ 228.81	98,854.33
Textbooks	52,662.01						52,662.01
Other Objects	11,441.52	11,441.52					
Total Instruction	4,288,604.23	1,197,565.98	67,744.75	2,628.59	166,600.47	228.81	2,853,835.63
Support Services:							
Personal Services - Employee Benefits	467,083.45	146,856.17			28,655.28		291,572.00
Purchased Professional & Technical Services	227,315.55	108,137.43	20,499.50				98,678.62
Other Purchased Services	92,179.27				4,029.19		88,150.08
Contracted Services - Transportation Other than Between Home and School	5,715.77						5,715.77
Supplies and Materials	78,599.22	1,442.34		24,523.90	916.54		51,716.44
Total Support Services	870,893.26	256,435.94	20,499.50	24,523.90	33,601.01	-	535,832.91
Capital Outlay:							
Instructional Equipment	21,588.95						21,588.95
Non-Instructional Equipment	312,601.96						312,601.96
Total Capital Outlay	334,190.91	-	-	-	-	-	334,190.91
Total Expenditures	\$ 5,493,688.40	\$ 1,454,001.92	\$ 88,244.25	\$ 27,152.49	\$ 200,201.48	\$ 228.81	\$ 3,723,859.45

(Continued)

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2012

	Total Carried Forward	I.A.S.A.		I.D.E.I.A. Part B			Total Brought Forward
		Title III	Basic	Basic ARRA	Preschool	Preschool ARRA	
REVENUES:							
Federal Sources	\$ 1,829,294.22	\$ 25,237.56	\$ 1,696,070.18	\$ 43,913.68	\$ 790.00	\$ 63,282.80	
State Sources	1,877,119.93						\$ 1,877,119.93
Local Sources	17,445.30						17,445.30
Total Revenues	\$ 3,723,859.45	\$ 25,237.56	\$ 1,696,070.18	\$ 43,913.68	\$ 790.00	\$ 63,282.80	\$ 1,894,565.23
EXPENDITURES:							
Instruction:							
Salaries of Teachers	\$ 513,833.90		\$ 6,151.50				\$ 507,682.40
Other Salaries for Instruction	212,531.87			\$ 9,798.75			202,733.12
Purchased Professional & Technical Services	396,509.52		29,001.72				367,507.80
Tuition	1,579,444.00		1,579,444.00				
General Supplies	98,854.33	\$ 718.95	2,053.94	16,791.36		\$ 63,282.80	16,007.28
Textbooks	52,662.01						52,662.01
Other Objects							
Total Instruction	2,853,835.63	718.95	1,616,651.16	26,590.11		63,282.80	1,146,592.61
Support Services:							
Personal Services - Employee Benefits	291,572.00						291,572.00
Purchased Professional & Technical Services	98,678.62	1,739.50	79,419.02	3,100.10	\$ 790.00		13,630.00
Other Purchased Services	88,150.08						88,150.08
Contracted Services - Transportation Other than Between Home and School	5,715.77						5,715.77
Supplies and Materials	51,716.44	22,779.11		14,223.47			14,713.86
Total Support Services	535,832.91	24,518.61	79,419.02	17,323.57	790.00	-	413,781.71
Capital Outlay:							
Instructional Equipment	21,588.95						21,588.95
Non-Instructional Equipment	312,601.96						312,601.96
Total Capital Outlay	334,190.91	-	-	-	-	-	334,190.91
Total Expenditures	\$ 3,723,859.45	\$ 25,237.56	\$ 1,696,070.18	\$ 43,913.68	\$ 790.00	\$ 63,282.80	\$ 1,894,565.23

(Continued)

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2012

	Total Carried <u>Forward</u>	Preschool <u>Education Aid</u>	Non-Public Textbook Aid <u>2009-2010</u>	Non-Public Nursing <u>2009-2010</u>	Adult <u>Education Aid</u>	<u>PASA</u>	Safety Incentive	<u>Rebel</u>	Total Brought <u>Forward</u>
REVENUES:									
Federal Sources									
State Sources	\$ 1,877,119.93	\$ 1,341,822.76	\$ 52,662.01	\$ 88,150.08	\$ 26,415.72				\$ 368,069.36
Local Sources	17,445.30					\$ 6,847.05	\$ 10,131.00	\$ 467.25	
Total Revenues	<u>\$ 1,894,565.23</u>	<u>\$ 1,341,822.76</u>	<u>\$ 52,662.01</u>	<u>\$ 88,150.08</u>	<u>\$ 26,415.72</u>	<u>\$ 6,847.05</u>	<u>\$ 10,131.00</u>	<u>\$ 467.25</u>	<u>\$ 368,069.36</u>
EXPENDITURES:									
Instruction:									
Salaries of Teachers	\$ 507,682.40	\$ 481,762.40			\$ 25,920.00				
Other Salaries for Instruction	202,733.12	202,733.12							
Purchased Professional & Technical Services	367,507.80					\$ 5,154.21			\$ 362,353.59
Tuition									
General Supplies	16,007.28	15,044.31			495.72			\$ 467.25	
Textbooks	52,662.01		\$ 52,662.01						
Other Objects									
Total Instruction	<u>1,146,592.61</u>	<u>699,539.83</u>	<u>52,662.01</u>		<u>26,415.72</u>	<u>5,154.21</u>	<u>-</u>	<u>467.25</u>	<u>362,353.59</u>
Support Services:									
Personal Services - Employee Benefits	291,572.00	291,572.00							
Purchased Professional & Technical Services	13,630.00	13,630.00							
Other Purchased Services	88,150.08			\$ 88,150.08					
Contracted Services - Transportation Other than Between Home and School	5,715.77								5,715.77
Supplies and Materials	14,713.86	13,021.02				1,692.84			
Total Support Services	<u>413,781.71</u>	<u>318,223.02</u>	<u>-</u>	<u>88,150.08</u>	<u>-</u>	<u>1,692.84</u>	<u>-</u>	<u>-</u>	<u>5,715.77</u>
Capital Outlay:									
Instructional Equipment	21,588.95	21,588.95							
Non-Instructional Equipment	312,601.96	302,470.96					\$ 10,131.00		
Total Capital Outlay	<u>334,190.91</u>	<u>324,059.91</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,131.00</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 1,894,565.23</u>	<u>\$ 1,341,822.76</u>	<u>\$ 52,662.01</u>	<u>\$ 88,150.08</u>	<u>\$ 26,415.72</u>	<u>\$ 6,847.05</u>	<u>\$ 10,131.00</u>	<u>\$ 467.25</u>	<u>\$ 368,069.36</u>

(Continued)

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2012

	Total Carried Forward	N.J. Non-Public Handicapped Services Ch. 193			N.J. Non-Public Auxiliary Services Ch. 192			
		Supplemental Instruction	Examination and Classification	Corrective Speech	Compensatory Education	English as a Second Language	Home Instruction	Transportation
REVENUES:								
Federal Sources								
State Sources	\$ 368,069.36	\$ 34,794.40	\$ 57,949.06	\$ 38,468.13	\$ 220,454.00	\$ 6,120.00	\$ 4,568.00	\$ 5,715.77
Local Sources								
Total Revenues	\$ 368,069.36	\$ 34,794.40	\$ 57,949.06	\$ 38,468.13	\$ 220,454.00	\$ 6,120.00	\$ 4,568.00	\$ 5,715.77
EXPENDITURES:								
Instruction:								
Salaries of Teachers								
Other Salaries for Instruction								
Purchased Professional & Technical Services	\$ 362,353.59	\$ 34,794.40	\$ 57,949.06	\$ 38,468.13	\$ 220,454.00	\$ 6,120.00	\$ 4,568.00	
Tuition								
General Supplies								
Textbooks								
Other Objects								
Total Instruction	362,353.59	34,794.40	57,949.06	38,468.13	220,454.00	6,120.00	4,568.00	-
Support Services:								
Personal Services - Employee Benefits								
Purchased Professional & Technical Services								
Other Purchased Services								
Contracted Services - Transportation Other than Between Home and School	5,715.77							\$ 5,715.77
Supplies and Materials								
Total Support Services	5,715.77	-	-	-	-	-	-	5,715.77
Capital Outlay:								
Instructional Equipment								
Non-Instructional Equipment								
Total Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	\$ 368,069.36	\$ 34,794.40	\$ 57,949.06	\$ 38,468.13	\$ 220,454.00	\$ 6,120.00	\$ 4,568.00	\$ 5,715.77

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
SPECIAL REVENUE FUND
 Schedule of Preschool Education Aid
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2012

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 497,741.00	\$ 481,762.40	\$ 15,978.60
Other Salaries for Instruction	265,631.00	202,733.12	62,897.88
General Supplies	<u>75,000.00</u>	<u>15,044.31</u>	<u>59,955.69</u>
Total Instruction	<u>838,372.00</u>	<u>699,539.83</u>	<u>138,832.17</u>
Support Services:			
Employee Benefits	291,572.00	291,572.00	
Purchased Professional & Technical Services	65,056.00	13,630.00	51,426.00
Supplies and Materials	<u>75,000.00</u>	<u>13,021.02</u>	<u>61,978.98</u>
Total Support Services	<u>431,628.00</u>	<u>318,223.02</u>	<u>113,404.98</u>
Facilities Acquisition and Construction Services:			
Instructional Equipment	27,000.00	21,588.95	5,411.05
Non-Instructional Equipment	<u>303,000.00</u>	<u>302,470.96</u>	<u>529.04</u>
Total Facilities Acquisition and Construction Services	<u>330,000.00</u>	<u>324,059.91</u>	<u>5,940.09</u>
Total Expenditures	<u>\$ 1,600,000.00</u>	<u>\$ 1,341,822.76</u>	<u>\$ 258,177.24</u>

Calculation of Budget and Carryover

2011-12 Revised Preschool Education Aid Allocation	\$ 862,410.00
Actual ECPA/PEA Carryover (June 30, 2011)	<u>1,212,587.77</u>
Total Preschool Education Aid Funds Available for 2011-12 Budget	2,074,997.77
Less: 2011-12 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>(1,600,000.00)</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2012	474,997.77
Add: 2011-12 Unexpended Preschool Education Aid	<u>258,177.24</u>
2011-12 Preschool Education Aid Actual Carryover	<u>\$ 733,175.01</u>
2011-12 Preschool Education Aid Actual Carryover Budgeted for Preschool Programs 2012-13	<u>-</u>

CAPITAL PROJECTS FUND

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Summary Schedule of Project Expenditures
 For the Fiscal Year Ended June 30, 2012

<u>Project Title / Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Cancellations</u>	<u>Unexpended Balance June 30, 2012</u>
			<u>Prior Years</u>	<u>Current Year</u>		
Middle School Window Replacement	10/8/2009	\$ 1,549,603.00	\$ 1,261,003.00	\$ 24,000.00		\$ 264,600.00
Renovation of Senior High School Gym Lighting	10/8/2009	51,000.00	1,800.00		\$ 49,200.00	
Renovation of Senior High School Lunch Line	10/8/2009	412,500.00	65,925.00	246,074.25	100,500.75	
Renovation of Senior High School Window Replacement	7/1/2011	2,600,000.00		110,700.00		2,489,300.00
Central School Demolition	7/1/2011	1,000,000.00		172,294.57		827,705.43
Renovation of Senior High School Sound System	7/1/2011	300,000.00		99,500.00	200,500.00	
Renovation of Senior High School Fire Alarm	7/1/2011	650,000.00		537,769.00	112,231.00	
Total		<u>\$ 6,563,103.00</u>	<u>\$ 1,328,728.00</u>	<u>\$ 1,190,337.82</u>	<u>\$ 462,431.75</u>	<u>\$ 3,581,605.43</u>
Unreserved Designated for Subsequent Years Expenditures						\$ 2,886,752.18
Reserve for Encumbrances						694,853.25
						<u>\$ 3,581,605.43</u>
Cancellation of SDA Grant					\$ 133,473.75	
Canceled to General Fund - Capital Reserve					312,731.00	
Canceled to General Fund - Capital Outlay Legally Restricted					16,227.00	
					<u>\$ 462,431.75</u>	

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

CAPITAL PROJECTS FUND

Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance -- Budgetary Basis
For the Fiscal Year Ended June 30, 2012

Revenues and Other Financing Sources

State Sources--SCC Grant		
Bond Proceeds and Transfers		
Proceeds from Lease Purchase		
Other Local Sources		
Transfer form Capital Reserve	\$ 4,550,000.00	
Transfer form Capital Outlay		
Total Revenues		<u>\$ 4,550,000.00</u>

Expenditures and Other Financing Uses

Expenditures:		
Other Purchased Professional and Technical Services	138,693.00	
Construction Services	<u>1,051,644.82</u>	
Total Expenditures		1,190,337.82
Other Financing Uses:		
Cancellation of SDA Grants	133,473.75	
Transfer to General Fund -- Capital Reserve	312,731.00	
Transfer to General Fund -- Capital Outlay Legally Restricted	<u>16,227.00</u>	
Total Other Financing Uses		<u>462,431.75</u>
Total Expenditures and Other Financing Uses		<u>1,652,769.57</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures		2,897,230.43
Fund Balance -- July 1		<u>684,375.00</u>
Fund Balance -- June 30		<u><u>\$ 3,581,605.43</u></u>

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

Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
Middle School Window Replacement
From Inception and for the Fiscal Year Ended June 30, 2012

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources--EDA Grant	\$ 1,032,762.00		\$ 1,032,762.00	\$ 1,032,762.00
Bond Proceeds and Transfers				
Proceeds from Lease Purchase				
Other Local Sources				
Transfer from Capital Reserve				
Transfer from Capital Outlay	516,841.00		516,841.00	516,841.00
Total Revenues	<u>1,549,603.00</u>	<u>-</u>	<u>1,549,603.00</u>	<u>1,549,603.00</u>
Expenditures and Other Financing Uses				
Legal Services				
Other Purchased Professional and Technical Services	119,400.00		119,400.00	119,400.00
Construction Services	1,141,603.00	\$ 24,000.00	1,165,603.00	1,430,203.00
Transfer to Debt Service Fund				
Total Expenditures	<u>1,261,003.00</u>	<u>24,000.00</u>	<u>1,285,003.00</u>	<u>1,549,603.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 288,600.00</u>	<u>\$ (24,000.00)</u>	<u>\$ 264,600.00</u>	<u>-</u>
Additional Project Information:				
Project Number	4060-055-09-1003			
Grant Date	10/8/2009			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 1,597,400.00			
Additional Authorized Cost	(47,797.00)			
Revised Authorized Cost	\$ 1,549,603.00			
Percentage Increase over Original Authorized Cost	-2.99%			
Percentage Completion	82.92%			
Original Target Completion Date	1/31/2011			
Revised Target Completion Date	12/31/2012			

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

Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
Renovation of Senior High School Gym Lighting
From Inception and for the Fiscal Year Ended June 30, 2012

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources--EDA Grant	\$ 32,973.00	\$ (32,973.00)		
Bond Proceeds and Transfers				
Proceeds from Lease Purchase				
Other Local Sources				
Transfer from Capital Reserve				
Transfer from Capital Outlay	<u>18,027.00</u>	<u>(16,227.00)</u>	<u>\$ 1,800.00</u>	<u>\$ 1,800.00</u>
Total Revenues	<u>51,000.00</u>	<u>(49,200.00)</u>	<u>1,800.00</u>	<u>1,800.00</u>
Expenditures and Other Financing Uses				
Legal Services				
Other Purchased Professional and Technical Services	1,800.00		1,800.00	1,800.00
Construction Services				
Transfer to Debt Service Fund				
Total Expenditures	<u>1,800.00</u>	<u>-</u>	<u>1,800.00</u>	<u>1,800.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 49,200.00</u>	<u>\$ (49,200.00)</u>	<u>-</u>	<u>-</u>
Additional Project Information:				
Project Number	4060-050-09-1002			
Grant Date	10/8/2009			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 51,000.00			
Additional Authorized Cost	(49,200.00)			
Revised Authorized Cost	\$ 1,800.00			
Percentage Increase over Original Authorized Cost	-96.47%			
Percentage Completion	100.00%			
Original Target Completion Date	8/31/2011			
Revised Target Completion Date	6/30/2012			

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
Renovation of Senior High School Lunch Line
From Inception and for the Fiscal Year Ended June 30, 2012

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources--EDA Grant	\$ 266,692.00	\$ (100,500.75)	\$ 166,191.25	\$ 166,191.25
Bond Proceeds and Transfers				
Proceeds from Lease Purchase				
Other Local Sources				
Transfer from Capital Reserve				
Transfer from Capital Outlay	145,808.00		145,808.00	145,808.00
Total Revenues	<u>412,500.00</u>	<u>(100,500.75)</u>	<u>311,999.25</u>	<u>311,999.25</u>
Expenditures and Other Financing Uses				
Legal Services				
Other Purchased Professional and Technical Services	24,980.00	\$ 1,310.00	26,290.00	26,290.00
Construction Services	40,945.00	244,764.25	285,709.25	285,709.25
Transfer to Debt Service Fund				
Total Expenditures	<u>65,925.00</u>	<u>246,074.25</u>	<u>311,999.25</u>	<u>311,999.25</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 346,575.00</u>	<u>\$ (346,575.00)</u>	<u>-</u>	<u>-</u>
Additional Project Information:				
Project Number	4060-050-09-1001			
Grant Date	10/8/2009			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 412,500.00			
Additional Authorized Cost	(100,500.75)			
Revised Authorized Cost	\$ 311,999.25			
Percentage Increase over Original Authorized Cost	-24.36%			
Percentage Completion	100.00%			
Original Target Completion Date	7/30/2011			
Revised Target Completion Date	9/30/2011			

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
 Senior High School Window Replacement
 From Inception and for the Fiscal Year Ended June 30, 2012

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources--EDA Grant				
Bond Proceeds and Transfers				
Proceeds from Lease Purchase				
Transfer from Capital Outlay				
Transfer from Capital Reserve		\$ 2,600,000.00	\$ 2,600,000.00	\$ 2,600,000.00
Transfer from Capital Outlay				
Total Revenues	-	2,600,000.00	2,600,000.00	2,600,000.00
Expenditures and Other Financing Uses				
Legal Services				
Other Purchased Professional and Technical Services		110,700.00	110,700.00	170,000.00
Construction Services				2,430,000.00
Transfer to Debt Service Fund				
Total Expenditures	-	110,700.00	110,700.00	2,600,000.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	\$ 2,489,300.00	\$ 2,489,300.00	-
Additional Project Information:				
Project Number	4060-050-11-1000			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 2,600,000.00			
Additional Authorized Cost	0.00			
Revised Authorized Cost	\$ 2,600,000.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	4.26%			
Original Target Completion Date	4/30/2013			
Revised Target Completion Date	4/30/2013			

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
 Central School Demolition
 From Inception and for the Fiscal Year Ended June 30, 2012

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources--EDA Grant				
Bond Proceeds and Transfers				
Proceeds from Lease Purchase				
Other Local Sources				
Transfer from Capital Reserve		\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00
Transfer from Capital Outlay				
	-----	-----	-----	-----
Total Revenues	-	1,000,000.00	1,000,000.00	1,000,000.00
Expenditures and Other Financing Uses				
Legal Services				
Other Purchased Professional and Technical Services		26,683.00	26,683.00	42,000.00
Construction Services		145,611.57	145,611.57	958,000.00
Transfer to Debt Service Fund				
	-----	-----	-----	-----
Total Expenditures	-	172,294.57	172,294.57	1,000,000.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	\$ 827,705.43	\$ 827,705.43	-
	=====	=====	=====	=====
Additional Project Information:				
Project Number	4060-103-09-1000			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 1,000,000.00			
Additional Authorized Cost	0.00			
Revised Authorized Cost	\$ 1,000,000.00			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	17.23%			
Original Target Completion Date	12/31/2012			
Revised Target Completion Date	12/31/2012			

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
 Senior High School Sound System
 From Inception and for the Fiscal Year Ended June 30, 2012

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources--EDA Grant				
Bond Proceeds and Transfers				
Proceeds from Lease Purchase				
Other Local Sources				
Transfer from Capital Reserve		\$ 99,500.00	\$ 99,500.00	\$ 99,500.00
Transfer from Capital Outlay				
Total Revenues	-	99,500.00	99,500.00	99,500.00
Expenditures and Other Financing Uses				
Legal Services				
Other Purchased Professional and Technical Services				
Construction Services		99,500.00	99,500.00	99,500.00
Transfer to Debt Service Fund				
Total Expenditures	-	99,500.00	99,500.00	99,500.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 300,000.00
Additional Authorized Cost	(200,500.00)
Revised Authorized Cost	\$ 99,500.00
Percentage Increase over Original Authorized Cost	-66.83%
Percentage Completion	100.00%
Original Target Completion Date	10/31/2011
Revised Target Completion Date	10/31/2011

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
 Senior High School Fire Alarm
 From Inception and for the Fiscal Year Ended June 30, 2012

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources--EDA Grant				
Bond Proceeds and Transfers				
Proceeds from Lease Purchase				
Other Local Sources				
Transfer from Capital Reserve		\$ 537,769.00	\$ 537,769.00	\$ 537,769.00
Transfer from Capital Outlay				
Total Revenues	-	537,769.00	537,769.00	537,769.00
Expenditures and Other Financing Uses				
Legal Services				
Other Purchased Professional and Technical Services				
Construction Services		537,769.00	537,769.00	537,769.00
Transfer to Debt Service Fund				
Total Expenditures	-	537,769.00	537,769.00	537,769.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Additional Project Information:				
Project Number		N/A		
Grant Date		N/A		
Bond Authorization Date		N/A		
Bonds Authorized		N/A		
Bonds Issued		N/A		
Original Authorized Cost	\$ 650,000.00			
Additional Authorized Cost	(112,231.00)			
Revised Authorized Cost	\$ 537,769.00			
Percentage Increase over Original Authorized Cost		-17.27%		
Percentage Completion		100.00%		
Original Target Completion Date		10/31/2011		
Revised Target Completion Date		10/31/2011		

PROPRIETARY FUNDS

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Enterprise Fund
 Combining Statement of Net Assets
 June 30, 2012

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 1,152,609.24
Accounts Receivable:	
State	1,477.06
Federal	79,795.59
Other	3,548.25
Inventories	<u>37,716.42</u>
Total Current Assets	<u>1,275,146.56</u>
Noncurrent Assets:	
Restricted Cash and Cash Equivalents	
Furniture, Machinery and Equipment	1,537,420.24
Less Accumulated Depreciation	<u>(1,036,451.75)</u>
Total Noncurrent Assets	<u>500,968.49</u>
Total Assets	<u>1,776,115.05</u>
LIABILITIES:	
Current Liabilities:	
Interfund Accounts Payable:	
Due General Fund	795,235.31
Accounts Payable	31,794.45
Deferred Revenue	<u>12,757.76</u>
	839,787.52
Noncurrent Liabilities:	
Compensated Absences Payable	<u>53,696.00</u>
Total Liabilities	<u>893,483.52</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	500,968.49
Unrestricted	<u>381,663.04</u>
Total Net Assets	<u>\$ 882,631.53</u>

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

Enterprise Fund

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

For the Fiscal Year Ended June 30, 2012

	<u>Food Service</u>
OPERATING REVENUES:	
Charges for Services:	
Daily Sales - Reimbursable Programs:	
School Lunch Program	\$ 421,376.91
School Breakfast Program	13,603.75
Special Milk Program	4,668.75
Daily Sales - Non-Reimbursable Programs	372,459.60
Miscellaneous	5,859.21
Special Functions	24,156.07
	<hr/>
Total Operating Revenues	842,124.29
OPERATING EXPENSES:	
Salaries	908,344.34
Employee Benefits	650,416.43
General Supplies	8,995.46
Depreciation	85,181.90
Cost of Sales	1,410,575.69
Miscellaneous	73,686.69
	<hr/>
Total Operating Expenses	3,137,200.51
Operating Income / (Loss)	<hr/> <u>(2,295,076.22)</u>
NONOPERATING REVENUES (EXPENSES):	
State Sources:	
State School Lunch Program	35,130.01
Federal Sources:	
National School Lunch Program	1,478,670.71
National School Breakfast Program	331,091.16
Special Milk Program	5,358.17
Food Distribution Program	179,788.54
Fresh Fruit and Vegetable Program	33,373.43
Interest Revenue	10,447.89
	<hr/>
Total Nonoperating Revenues (Expenses)	2,073,859.91
Income (Loss) before Contributions and Transfers	(221,216.31)
Contributed Capital	<hr/> 107,500.00
Change in Net Assets	(113,716.31)
Net Assets -- July 1	<hr/> 996,347.84
Net Assets -- June 30	<hr/> <u>\$ 882,631.53</u>

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Enterprise Fund
 Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2012

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 847,604.93
Payments to Employees	(900,421.12)
Payments for Employee Benefits	(650,416.43)
Payments for Supplies and Services	<u>(1,489,713.48)</u>
Net Cash Provided by (used for) Operating Activities	<u>(2,192,946.10)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
State Sources	40,941.50
Federal Sources	2,190,584.79
Operating Subsidies and Transfers	<u>217,788.88</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>2,449,315.17</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of Capital Assets	<u>(5,323.90)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Revenue	<u>10,447.89</u>
Net Increase (Decrease) in Cash and Cash Equivalents	261,493.06
Cash and Cash Equivalents -- July 1	<u>891,116.18</u>
Cash and Equivalents -- June 30	<u>\$ 1,152,609.24</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)	
by Operating Activities:	
Operating Income (Loss)	\$ (2,295,076.22)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided by (used for) Operating Activities:	
Depreciation and Net Amortization	85,181.90
(Increase) Decrease in Inventories	(3,047.29)
Increase (Decrease) in Accounts Payable	6,591.65
Increase (Decrease) in Deferred Revenue	4,920.29
Increase (Decrease) in Accrued Salary Benefits	7,923.22
(Increase) Decrease in Accounts Receivable	<u>560.35</u>
Total Adjustments	<u>102,130.12</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (2,192,946.10)</u>

FIDUCIARY FUNDS

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Fiduciary Net Assets
 June 30, 2012

	<u>Trust Funds</u>		<u>Agency Funds</u>		<u>Total</u>
	<u>Scholarship Trust</u>	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS:					
Cash and Cash Equivalents	\$ 21,487.00	\$ 591,810.71	\$ 276,079.99	\$ 26,505.46	\$ 915,883.16
Accounts Receivable:					
Interfund Accounts Receivable:					
Due Agency Fund -- Payroll		29,409.36			29,409.36
Due General Fund				71,981.14	71,981.14
Refunds Receivable				15,764.58	15,764.58
Total Assets	<u>-</u>	<u>29,409.36</u>	<u>-</u>	<u>87,745.72</u>	<u>117,155.08</u>
Total Assets	<u>21,487.00</u>	<u>621,220.07</u>	<u>\$ 276,079.99</u>	<u>\$ 114,251.18</u>	<u>1,033,038.24</u>
LIABILITIES:					
Accounts Payable		45,505.78			45,505.78
Interfund Accounts Payable:					
Due Unemployment Fund				\$ 29,409.36	29,409.36
Due Permanent Fund			\$ 846.59		846.59
Due General Fund		63,896.43			63,896.43
Payable to Student Groups			275,233.40		275,233.40
Payroll Deductions and Withholdings				84,841.82	84,841.82
Total Liabilities	<u>-</u>	<u>109,402.21</u>	<u>\$ 276,079.99</u>	<u>\$ 114,251.18</u>	<u>499,733.38</u>
NET ASSETS:					
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 21,487.00</u>	<u>\$ 511,817.86</u>			<u>\$ 533,304.86</u>

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Changes in Fiduciary Net Assets
 For the Fiscal Year Ended June 30, 2012

	Scholarship Trust	Unemployment Compensation Trust
ADDITIONS:		
Contributions and Donations from Payroll Deductions Withheld		\$ 76,096.66
Scholarship Donations	\$ 3,128.00	
Investment Earnings: Interest	69.74	6,442.33
Total Additions	<u>3,197.74</u>	<u>82,538.99</u>
DEDUCTIONS:		
Scholarship Awards	3,500.00	
Unemployment Claims		<u>197,856.63</u>
Total Deductions	<u>3,500.00</u>	<u>197,856.63</u>
Change in Net Assets	(302.26)	(115,317.64)
Net Assets -- July 1	<u>21,789.26</u>	<u>627,135.50</u>
Net Assets -- June 30	<u>\$ 21,487.00</u>	<u>\$ 511,817.86</u>

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Fiduciary Funds
 Student Activity Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2012

	Balance <u>June 30, 2011</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance <u>June 30, 2012</u>
GENERAL	\$ 161,391.75	\$ 1,476.74	\$ 20,500.00	\$ 142,368.49
MIDDLE SCHOOL	30,214.73	58,108.20	59,302.52	29,020.41
INTERMEDIATE SCHOOL	2,786.23	9,009.63	8,955.57	2,840.29
SENIOR HIGH SCHOOL:				
Pennsauken High School	90,870.35	276,343.07	265,395.28	101,818.14
Student Athletics	1,909.98	48,667.68	50,545.00	32.66
Total High School	92,780.33	325,010.75	315,940.28	101,850.80
Total All Schools	<u>\$ 287,173.04</u>	<u>\$ 393,605.32</u>	<u>\$ 404,698.37</u>	<u>\$ 276,079.99</u>

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Fiduciary Funds
 Payroll Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2012

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
ASSETS:				
Cash and Cash Equivalents	\$ 838,633.45	\$ 53,470,086.33	\$ 54,282,214.32	\$ 26,505.46
Refunds Receivable		15,764.58		15,764.58
Due from General Fund		135,296.37	63,315.23	71,981.14
Total Assets	<u>\$ 838,633.45</u>	<u>\$ 53,621,147.28</u>	<u>\$ 54,345,529.55</u>	<u>\$ 114,251.18</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 414,436.51	\$ 23,116,691.55	\$ 23,446,286.24	\$ 84,841.82
Net Payroll		30,428,359.07	30,428,359.07	
Interfund Accounts Payable:				
Expendable Trust Fund	20,666.70	76,096.66	67,354.00	29,409.36
General Fund	403,530.24		403,530.24	
Total Liabilities	<u>\$ 838,633.45</u>	<u>\$ 53,621,147.28</u>	<u>\$ 54,345,529.55</u>	<u>\$ 114,251.18</u>

LONG-TERM DEBT

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Schedule of Serial Bonds
 For the Fiscal Year Ended June 30, 2012

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance June 30, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2012</u>
			<u>Date</u>	<u>Amount</u>					
Series 2005	02/24/05	\$ 31,685,000.00	4-1-13	\$ 3,040,000.00	4.25%	<u>\$ 26,520,000.00</u>	<u>-</u>	<u>\$ 2,970,000.00</u>	<u>\$ 23,550,000.00</u>
			4-1-14	3,130,000.00	4.25%				
			4-1-15	3,230,000.00	4.25%				
			4-1-16	3,295,000.00	3.90%				
			4-1-17	3,475,000.00	3.95%				
			4-1-18	3,650,000.00	4.00%				
			4-1-19	3,730,000.00	4.00%				

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Schedule of Obligations Under Capital Leases
 For the Fiscal Year Ended June 30, 2012

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Issue</u>		<u>Interest Rate Payable</u>	<u>Amount Outstanding June 30, 2011 (a)</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2012 (a)</u>
			<u>Principal</u>	<u>Interest</u>					
(1) Student Information System	09/01/11	3 Years	\$ 137,450.00	\$ 12,550.00	3.620%		\$ 137,450.00		\$ 137,450.00
(3) 2010 Buses	07/19/09	3 Years	240,110.00	11,652.10	3.600%	\$ 80,747.94		\$ 80,747.94	
(2) Cannon Copiers	03/10/10	3 Years	193,782.00	17,731.20	3.500%	148,463.32		37,707.68	110,755.64
						<u>\$ 229,211.26</u>	<u>\$ 137,450.00</u>	<u>\$ 118,455.62</u>	<u>\$ 248,205.64</u>

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,407,910.00		\$ 2,407,910.00	\$ 2,407,910.00	
State Sources:					
Debt Service Aid Type II	<u>1,606,188.00</u>		<u>1,606,188.00</u>	<u>1,606,188.00</u>	
Total Revenues	<u>4,014,098.00</u>	<u>-</u>	<u>4,014,098.00</u>	<u>4,014,098.00</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	1,046,905.00		1,046,905.00	1,046,904.60	\$ 0.40
Redemption of Principal	<u>2,970,000.00</u>		<u>2,970,000.00</u>	<u>2,970,000.00</u>	
Total Expenditures	<u>4,016,905.00</u>	<u>-</u>	<u>4,016,905.00</u>	<u>4,016,904.60</u>	<u>0.40</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,807.00)	-	(2,807.00)	(2,806.60)	0.40
Fund Balance, July 1	<u>2,806.63</u>	<u>-</u>	<u>2,806.63</u>	<u>2,806.63</u>	<u>-</u>
Fund Balance, June 30	<u>\$ (0.37)</u>	<u>-</u>	<u>\$ (0.37)</u>	<u>\$ 0.03</u>	<u>\$ 0.40</u>

STATISTICAL SECTION

Financial Trends Information

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

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

	Fiscal Year Ended June 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities:										
Invested in Capital Assets, Net of Related Debt	\$ 18,597,789.17	\$ 15,978,876.45	\$ 13,651,296.15	\$ 10,475,418.98	\$ 9,514,902.50	\$ 8,282,089.80	\$ 6,089,562.47	\$ 4,964,484.85	\$ 3,994,388.19	\$ 2,716,170.12
Restricted	17,088,644.02	12,974,059.20	15,602,679.42	19,513,829.69	16,451,763.94	13,411,247.86	12,056,901.78	8,139,098.07	2,070,507.94	2,808,879.25
Unrestricted	<u>(3,928,760.23)</u>	<u>(1,588,429.57)</u>	<u>(4,325,164.94)</u>	<u>(2,090,814.90)</u>	<u>(1,169,231.98)</u>	<u>(1,163,603.68)</u>	<u>(1,044,286.17)</u>	<u>117,529.89</u>	<u>3,260,281.23</u>	<u>1,957,415.54</u>
Total Governmental Activities Net Assets	<u>\$ 31,757,672.96</u>	<u>\$ 27,364,506.08</u>	<u>\$ 24,928,810.63</u>	<u>\$ 27,898,433.77</u>	<u>\$ 24,797,434.46</u>	<u>\$ 20,529,733.98</u>	<u>\$ 17,102,178.08</u>	<u>\$ 13,221,112.81</u>	<u>\$ 9,325,177.36</u>	<u>\$ 7,482,464.91</u>
Business-type Activities:										
Invested in Capital Assets, Net of Related Debt	\$ 500,968.49	\$ 473,326.49	\$ 546,666.92	\$ 519,804.60	\$ 529,027.97	\$ 567,242.86	\$ 568,666.23	\$ 588,432.85	\$ 648,440.55	\$ 697,639.19
Unrestricted	<u>381,663.04</u>	<u>523,021.35</u>	<u>592,161.07</u>	<u>654,165.38</u>	<u>730,794.19</u>	<u>725,390.26</u>	<u>659,312.96</u>	<u>428,198.33</u>	<u>189,630.83</u>	<u>239,343.92</u>
Total Business-type Activities Net Assets	<u>\$ 882,631.53</u>	<u>\$ 996,347.84</u>	<u>\$ 1,138,827.99</u>	<u>\$ 1,173,969.98</u>	<u>\$ 1,259,822.16</u>	<u>\$ 1,292,633.12</u>	<u>\$ 1,227,979.19</u>	<u>\$ 1,016,631.18</u>	<u>\$ 838,071.38</u>	<u>\$ 936,983.11</u>
District-wide:										
Invested in Capital Assets, Net of Related Debt	\$ 19,098,757.66	\$ 16,452,202.94	\$ 14,197,963.07	\$ 10,995,223.58	\$ 10,043,930.47	\$ 8,849,332.66	\$ 6,658,228.70	\$ 5,552,917.70	\$ 4,642,828.74	\$ 3,413,809.31
Restricted	17,088,644.02	12,974,059.20	15,602,679.42	19,513,829.69	16,451,763.94	13,411,247.86	12,056,901.78	8,139,098.07	2,070,507.94	2,808,879.25
Unrestricted	<u>(3,547,097.19)</u>	<u>(1,065,408.22)</u>	<u>(3,733,003.87)</u>	<u>(1,436,649.52)</u>	<u>(438,437.79)</u>	<u>(438,213.42)</u>	<u>(384,973.21)</u>	<u>545,728.22</u>	<u>3,449,912.06</u>	<u>2,196,759.46</u>
Total District-wide Net Assets	<u>\$ 32,640,304.49</u>	<u>\$ 28,360,853.92</u>	<u>\$ 26,067,638.62</u>	<u>\$ 29,072,403.75</u>	<u>\$ 26,057,256.62</u>	<u>\$ 21,822,367.10</u>	<u>\$ 18,330,157.27</u>	<u>\$ 14,237,743.99</u>	<u>\$ 10,163,248.74</u>	<u>\$ 8,419,448.02</u>

Source: Exhibit A-1

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

	Fiscal Year Ended June 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 24,083,201.49	\$ 23,753,650.27	\$ 24,748,038.50	\$ 24,056,366.72	\$ 20,034,160.34	\$ 19,524,302.63	\$ 19,042,263.70	\$ 19,204,230.27	\$ 18,954,495.47	\$ 22,068,509.93
Special Education	9,446,366.00	10,084,115.04	10,334,044.03	9,861,586.40	11,294,145.13	11,802,512.50	10,536,787.07	11,413,984.28	11,110,209.34	7,191,242.90
Other Special Education	437,210.26	755,374.31	908,311.71	354,986.47	278,403.18	135,726.54	102,599.83	95,699.87	240,584.15	158,674.95
Other Instruction	1,262,800.83	779,026.57	826,136.89	780,763.20	796,670.08	748,384.76	735,460.07	819,616.91	941,777.53	1,040,033.86
Support Services:										
Tuition	7,948,474.60	8,033,185.23	8,499,180.99	7,516,143.47	6,534,047.81	4,541,774.58	5,370,991.12	3,873,992.09	3,740,804.12	3,116,381.79
Student and Instruction Related Services	6,676,305.43	6,610,873.26	8,315,875.23	6,975,497.37	7,186,050.24	6,610,183.94	6,477,472.13	6,320,670.31	6,135,937.59	6,137,794.37
School Administrative Services	2,779,594.88	2,666,973.97	3,019,663.09	2,839,906.56	2,599,262.78	2,749,064.31	2,473,954.44	2,466,887.08	2,158,103.12	2,318,169.97
Other Administrative Services	3,080,287.23	2,901,744.46	3,348,520.25	3,456,421.76	3,060,373.20	2,951,575.20	2,942,971.40	3,113,275.41	3,218,314.41	2,847,654.63
Plant Operations and Maintenance	8,521,054.59	8,516,377.76	9,379,751.77	8,173,792.39	7,927,311.89	7,803,296.82	7,560,177.66	7,228,116.28	7,065,697.87	6,799,056.18
Pupil Transportation	4,960,279.97	4,041,299.06	4,285,504.41	4,054,252.39	4,576,775.18	3,624,460.94	4,123,683.39	3,977,936.18	4,034,171.07	3,156,035.62
Unallocated Benefits	16,906,273.85	17,099,436.71	15,274,480.08	15,296,838.48	11,772,318.39	11,787,432.02	11,066,947.51	10,046,923.84	10,151,722.53	9,190,866.00
Reimbursed TPAF and Social Security	6,298,859.40	5,296,018.07	5,250,311.44	5,020,100.70	7,814,589.21	7,845,742.73	5,203,978.00	4,659,767.26	4,358,239.34	3,591,300.07
Special Schools				179,046.32	158,052.59	140,484.84	94,323.49	120,725.54	82,159.27	150,993.34
Transfer to Charter Schools	1,802,172.00	1,579,217.00	1,471,433.00	1,165,467.00	894,015.00	730,161.00	630,806.00	499,075.00	292,819.00	219,190.00
Interest on Long-term Debt	1,126,243.76	1,238,117.91	1,323,686.50	1,410,227.61	1,525,043.71	1,631,256.81	1,735,566.46	1,401,926.41	2,058,162.56	2,153,949.10
Amortization of Bond Issuance Costs	20,495.00	20,495.00	29,915.49	55,622.02	55,622.02	55,622.02	55,622.02	59,904.32		
Unallocated Depreciation			60,059.22	150,512.22	197,136.96	85,011.00	95,436.73	591,342.76	72,677.00	
Total Governmental Activities Expenses	95,349,619.29	93,375,904.62	97,074,912.60	91,347,551.08	86,703,977.71	82,766,992.64	78,249,041.02	75,894,073.81	74,615,874.37	70,139,852.71
Business-type Activities:										
Food Service	3,137,200.51	2,910,532.81	2,890,471.08	2,730,574.13	2,722,224.75	2,557,057.77	2,382,266.43	2,267,981.69	2,253,656.75	1,987,880.19
Total Business-type Activities Expense	3,137,200.51	2,910,532.81	2,890,471.08	2,730,574.13	2,722,224.75	2,557,057.77	2,382,266.43	2,267,981.69	2,253,656.75	1,987,880.19
Total District Expenses	\$ 98,486,819.80	\$ 96,286,437.43	\$ 99,965,383.68	\$ 94,078,125.21	\$ 89,426,202.46	\$ 85,324,050.41	\$ 80,631,307.45	\$ 78,162,055.50	\$ 76,869,531.12	\$ 72,127,732.90
Program Revenues:										
Governmental Activities:										
Charges for services	\$ 1,072,590.56	\$ 618,550.00	\$ 681,545.45	\$ 733,133.47	\$ 727,991.60	\$ 661,103.00	\$ 762,761.78	\$ 914,355.95	\$ 1,012,320.60	\$ 882,420.00
Operating Grants and Contributions	12,079,991.62	12,004,801.98	12,393,472.52	10,247,068.19	17,733,582.97	16,377,689.41	13,892,182.00	13,617,560.25	13,015,070.07	12,531,092.49
Capital Grants and Contributions				10,000.00						
Total Governmental Activities Program Revenues	13,152,582.18	12,623,351.98	13,075,017.97	10,990,201.66	18,461,574.57	17,038,792.41	14,654,943.78	14,531,916.20	14,027,390.67	13,413,512.49

(Continued)

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

	Fiscal Year Ended June 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Program Revenues (Cont'd):										
Business-type activities:										
Charges for services										
Food service	\$ 842,124.29	\$ 871,226.85	\$ 856,395.74	\$ 885,715.79	\$ 953,026.90	\$ 1,033,438.63	\$ 1,140,342.22	\$ 1,176,895.39	\$ 1,157,070.48	\$ 1,124,200.30
Capital Grants and Contributions	107,500.00		57,159.20	4,741.00	571.00					
Operating Grants and Contributions	<u>2,063,412.02</u>	<u>1,895,317.67</u>	<u>1,932,487.02</u>	<u>1,734,327.27</u>	<u>1,657,427.44</u>	<u>1,479,455.82</u>	<u>1,374,084.89</u>	<u>1,236,169.54</u>	<u>989,198.72</u>	<u>889,727.27</u>
Total Business-type Activities Program Revenues	<u>3,013,036.31</u>	<u>2,766,544.52</u>	<u>2,846,041.96</u>	<u>2,624,784.06</u>	<u>2,611,025.34</u>	<u>2,512,894.45</u>	<u>2,514,427.11</u>	<u>2,413,064.93</u>	<u>2,146,269.20</u>	<u>2,013,927.57</u>
Total District Program Revenues	<u>\$ 16,165,618.49</u>	<u>\$ 15,389,896.50</u>	<u>\$ 15,921,059.93</u>	<u>\$ 13,614,985.72</u>	<u>\$ 21,072,599.91</u>	<u>\$ 19,551,686.86</u>	<u>\$ 17,169,370.89</u>	<u>\$ 16,944,981.13</u>	<u>\$ 16,173,659.87</u>	<u>\$ 15,427,440.06</u>
Net (Expense)/Revenue:										
Governmental Activities	\$ (82,197,037.11)	\$ (80,752,552.64)	\$ (83,999,894.63)	\$ (80,357,349.42)	\$ (68,242,403.14)	\$ (65,728,200.23)	\$ (63,594,097.24)	\$ (61,362,157.61)	\$ (60,588,483.70)	\$ (56,726,340.22)
Business-type Activities	<u>(124,164.20)</u>	<u>(143,988.29)</u>	<u>(44,429.12)</u>	<u>(105,790.07)</u>	<u>(111,199.41)</u>	<u>(44,163.32)</u>	<u>132,160.68</u>	<u>145,083.24</u>	<u>(107,387.55)</u>	<u>26,047.38</u>
Total District-wide Net Expense	<u>\$ (82,321,201.31)</u>	<u>\$ (80,896,540.93)</u>	<u>\$ (84,044,323.75)</u>	<u>\$ (80,463,139.49)</u>	<u>\$ (68,353,602.55)</u>	<u>\$ (65,772,363.55)</u>	<u>\$ (63,461,936.56)</u>	<u>\$ (61,217,074.37)</u>	<u>\$ (60,695,871.25)</u>	<u>\$ (56,700,292.84)</u>
General Revenues and Other Changes in Net Assets:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 34,631,347.00	\$ 34,631,347.00	\$ 34,260,911.00	\$ 34,388,514.00	\$ 34,433,660.00	\$ 33,134,647.00	\$ 31,386,960.00	\$ 29,976,732.00	\$ 28,199,245.00	\$ 25,112,947.00
Taxes Levied for Debt Service	2,407,910.00	2,428,961.00	2,210,496.00	2,082,893.00	2,037,747.00	2,169,042.00	1,904,099.00	2,122,692.00	2,091,936.00	1,396,152.00
Unrestricted Grants and Contributions	47,912,867.93	45,144,427.29	41,248,283.63	43,800,521.15	32,937,112.02	31,298,796.30	31,373,902.15	31,164,011.69	29,720,100.98	27,659,288.79
Restricted Grants and Contributions	1,188,406.05	650,934.93	2,871,886.86	1,203,734.00	1,825,810.56	1,321,709.07	1,527,920.55	1,329,238.87	1,545,317.97	1,071,601.23
Investment Earnings	99,768.85	103,500.43	320,468.03	320,468.03	567,373.41	718,064.35	562,464.28	266,382.09	78,041.68	61,443.52
Other	390,675.98	306,938.39	146,774.07	253,155.67	641,530.66	462,081.86	355,262.53	439,036.41	210,335.28	427,271.98
Capital Leases Charged to Instruction							399,554.00		187,039.48	206,787.81
Disposal/Adjustment of Assets									431,092.00	(1,128,577.28)
Cancellation of Prior Year Accounts Receivable	(133,473.75)	(38,359.00)								
Cancellation of Special Revenue Grant Balances	235,801.93	(8,501.95)								
Cancellation of Payables				45,895.95	66,870.06	50,471.60				
Transfers	<u>(143,100.00)</u>	<u>(31,000.00)</u>	<u>(28,548.10)</u>	<u>1,363,166.93</u>	<u>(0.09)</u>	<u>943.95</u>	<u>(35,000.00)</u>	<u>(40,000.00)</u>	<u>(31,912.24)</u>	<u>(21,083.89)</u>
Total Governmental Activities	<u>86,590,203.99</u>	<u>83,188,248.09</u>	<u>81,030,271.49</u>	<u>83,458,348.73</u>	<u>72,510,103.62</u>	<u>69,155,756.13</u>	<u>67,475,162.51</u>	<u>65,258,093.06</u>	<u>62,431,196.15</u>	<u>54,785,831.16</u>
Business-type Activities:										
Investment Earnings	10,447.89	10,683.82	9,287.13	19,937.89	78,388.45	108,817.25	79,187.33	33,476.56	8,475.82	9,138.92
Cancellation of Prior Year Accounts Receivable		<u>(9,175.68)</u>								
Total Business-type Activities	<u>10,447.89</u>	<u>1,508.14</u>	<u>9,287.13</u>	<u>19,937.89</u>	<u>78,388.45</u>	<u>108,817.25</u>	<u>79,187.33</u>	<u>33,476.56</u>	<u>8,475.82</u>	<u>9,138.92</u>
Total District-wide	<u>\$ 86,600,651.88</u>	<u>\$ 83,189,756.23</u>	<u>\$ 81,039,558.62</u>	<u>\$ 83,478,286.62</u>	<u>\$ 72,588,492.07</u>	<u>\$ 69,264,573.38</u>	<u>\$ 67,554,349.84</u>	<u>\$ 65,291,569.62</u>	<u>\$ 62,439,671.97</u>	<u>\$ 54,794,970.08</u>
Change in Net Assets:										
Governmental Activities	\$ 4,393,166.88	\$ 2,435,695.45	\$ (2,969,623.14)	\$ 3,100,999.31	\$ 4,267,700.48	\$ 3,427,555.90	\$ 3,881,065.27	\$ 3,895,935.45	\$ 1,842,712.45	\$ (1,940,509.06)
Business-type Activities	<u>(113,716.31)</u>	<u>(142,480.15)</u>	<u>(35,141.99)</u>	<u>(85,852.18)</u>	<u>(32,810.96)</u>	<u>64,653.93</u>	<u>211,348.01</u>	<u>178,559.80</u>	<u>(98,911.73)</u>	<u>35,186.30</u>
Total District	<u>\$ 4,279,450.57</u>	<u>\$ 2,293,215.30</u>	<u>\$ (3,004,765.13)</u>	<u>\$ 3,015,147.13</u>	<u>\$ 4,234,889.52</u>	<u>\$ 3,492,209.83</u>	<u>\$ 4,092,413.28</u>	<u>\$ 4,074,495.25</u>	<u>\$ 1,743,800.72</u>	<u>\$ (1,905,322.76)</u>

Source: Exhibit A-2

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

	Fiscal Year Ended June 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund:										
Nonspendable	\$ 225,984.14	\$ 183,922.48								
Restricted	11,420,825.90	10,225,188.53	\$ 12,296,554.20	\$ 17,965,073.28	\$ 13,671,845.56	\$ 11,147,725.70	\$ 9,754,608.07	\$ 6,534,430.43	\$ 3,490,918.64	\$ 3,442,994.38
Assigned	1,443,502.41	999,822.87								
Unassigned		2,306,971.42	(344,241.02)	2,002,797.03	1,859,049.93	1,676,063.43	1,855,221.75	2,948,830.34	3,768,423.87	3,528,232.52
Total General Fund	\$ 13,090,312.45	\$ 13,715,905.30	\$ 11,952,313.18	\$ 19,967,870.31	\$ 15,530,895.49	\$ 12,823,789.13	\$ 11,609,829.82	\$ 9,483,260.77	\$ 7,259,342.51	\$ 6,971,226.90
All Other Governmental Funds:										
Nonspendable	\$ 8,000.00	\$ 8,000.00								
Restricted	3,582,259.59	687,181.63	\$ 1,266,534.00	\$ 221,069.87	\$ 8,000.00	\$ 460,905.00				
Unassigned, Reported in:										
Capital Projects Fund			692,900.00		213,069.87	193,436.87	\$ 749,431.87	\$ 749,431.87	\$ 719,681.63	\$ 691,593.87
Special Revenue Fund	647,061.99	1,133,448.97	1,636,102.03	1,478,431.99	2,588,024.86	1,895,380.23	1,615,388.24	1,189,312.69	564,647.61	171,118.69
Debt Service Fund			2,806.63				9,376.00	126,718.62	130,542.83	176,412.33
Permanent Fund		1,129.04	1,587.44	2,042.61	2,362.16	42.85	1,000.00	1,000.00	1,000.00	1,000.00
Total All Other Governmental Funds	\$ 4,237,321.58	\$ 1,829,759.64	\$ 3,599,930.10	\$ 1,701,544.47	\$ 2,811,456.89	\$ 2,549,764.95	\$ 2,375,196.11	\$ 2,066,463.18	\$ 1,415,872.07	\$ 1,040,124.89

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

Source: Exhibit B-1

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

	Fiscal Year Ended June 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:										
Tax Levy	\$ 37,039,257.00	\$ 37,060,308.00	\$ 36,471,407.00	\$ 36,471,407.00	\$ 36,471,407.00	\$ 35,303,689.00	\$ 33,291,059.00	\$ 32,099,424.00	\$ 30,291,181.00	\$ 26,509,099.00
Other Local Revenue	1,580,480.69	1,032,690.60	1,156,397.67	1,318,166.57	1,942,055.08	1,843,371.11	1,681,838.59	1,589,489.21	1,305,697.56	1,371,135.50
State Sources	55,715,687.26	53,221,443.13	43,544,511.44	51,039,883.36	49,796,430.28	46,409,972.35	44,050,922.69	43,294,312.38	41,701,114.32	38,869,704.12
Federal Sources	5,448,133.04	4,575,019.29	12,961,521.45	4,200,030.58	2,694,915.86	2,586,100.53	2,741,732.01	2,816,498.43	2,574,374.70	2,392,278.39
Total Revenue	99,783,557.99	95,889,461.02	94,133,837.56	93,029,487.51	90,904,808.22	86,143,132.99	81,765,552.29	79,799,724.02	75,872,367.58	69,142,217.01
Expenditures:										
Instruction										
Regular Instruction	23,607,222.32	23,521,045.06	24,280,400.46	23,772,340.77	19,657,772.08	19,011,542.31	18,834,284.61	18,775,122.21	18,490,544.16	21,644,053.45
Special Education Instruction	9,128,820.69	9,812,208.90	10,029,711.10	9,660,030.63	11,066,512.71	10,065,937.50	10,309,292.06	11,172,263.28	10,868,080.10	7,190,130.90
Other Special Instruction	437,210.26	755,374.31	908,311.71	354,986.47	278,403.18	135,726.54	102,599.83	95,699.87	240,584.15	158,674.95
Other Instruction	1,262,800.83	779,026.57	826,136.89	780,783.20	796,670.08	748,384.76	735,460.07	819,616.91	941,777.53	1,031,370.86
Support Services:										
Tuition	7,948,474.60	8,033,185.23	8,499,180.99	7,516,143.47	6,534,047.81	5,976,753.58	5,370,991.12	3,873,992.09	3,740,804.12	3,116,381.79
Student and Instruction Related Services	6,508,547.43	6,499,340.32	8,202,307.23	6,926,583.37	7,136,155.24	6,568,598.03	6,445,472.13	6,288,991.31	6,107,397.59	5,876,994.12
School Administrative Services	2,777,904.88	2,664,395.97	3,014,467.09	2,832,164.56	2,588,361.78	2,732,739.31	2,504,160.57	2,437,405.08	2,075,880.12	2,281,130.97
Other Administrative Services	2,874,219.60	2,726,085.46	3,143,796.34	3,292,953.16	2,909,184.18	2,766,192.48	2,729,464.30	2,895,608.73	2,958,639.65	2,592,348.43
Plant Operations and Maintenance	7,585,757.89	7,740,013.33	8,579,056.39	7,535,148.84	7,148,890.91	7,127,072.28	6,888,670.68	6,497,653.68	6,335,084.29	6,084,522.11
Pupil Transportation	4,867,736.83	4,068,100.64	4,350,631.59	3,887,590.57	4,530,714.28	3,565,168.50	4,066,672.41	3,929,273.27	3,801,375.07	3,046,177.62
Unallocated Benefits	16,906,273.85	16,996,442.71	15,274,480.08	13,869,117.48	11,772,318.39	11,787,432.02	11,066,947.51	10,046,923.84	10,151,722.53	9,166,857.25
Reimbursed TPAF Pension and Social Security	6,298,859.40	5,296,018.07	5,250,311.44	5,020,100.70	7,814,589.21	7,845,742.73	5,203,978.00	4,659,767.26	4,358,239.34	3,591,300.07
Special Schools				179,046.32	158,052.59	140,484.84	94,323.49	120,725.54	82,159.27	150,993.34
Transfer to Charter Schools	1,802,172.00	1,579,217.00	1,471,433.00	1,165,467.00	894,015.00	730,161.00	630,806.00	499,075.00	292,819.00	219,190.00
Debt Service:										
Principal	2,970,000.00	2,885,000.00	2,895,000.00	2,545,000.00	2,345,000.00	2,320,000.00	2,283,000.00	2,825,000.00	2,175,000.00	2,145,000.00
Interest and Other Charges	1,046,904.60	1,162,305.00	1,279,055.00	1,388,105.00	1,502,855.00	1,616,355.00	1,710,332.62	1,428,787.48	2,108,293.50	2,192,217.75
Capital Outlay	2,224,923.56	1,309,838.94	2,671,310.23	562,607.21	1,046,711.36	1,666,973.60	502,424.73	831,642.52	454,793.24	554,842.73
Total Expenditures	98,247,828.74	95,827,597.51	100,675,589.54	91,288,168.75	88,180,253.80	84,805,264.48	79,478,880.13	77,197,548.07	75,183,193.66	71,042,186.34
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,535,729.25	61,863.51	(6,541,751.98)	1,741,318.76	2,724,554.42	1,337,868.51	2,286,672.16	2,602,175.95	689,173.92	(1,899,969.33)
Other Financing Sources (Uses):										
Capital Leases (Non-budgeted)	137,450.00		433,892.00	167,482.00	220,904.97		233,024.00	275,831.32		337,160.00
Change in Inventory	42,061.66	9,419.10	19,236.58	9,198.76	(43,531.06)	(755.91)	(49,394.18)	6,216.86	6,601.11	6,100.73
Accounts Receivable/Payable Canceled	(133,473.75)	(38,359.00)		45,895.95	87,681.16	50,471.60		30,285.24	28,087.76	
Cancellation of Deferred Revenue					39.90					
Cancellation of Special Revenue Grant Balances	235,801.93	(8,501.95)								
Canceled to Due to Grantor					(20,851.00)					
Sale of Bonds								31,685,000.00		
Premium on Sale of Bonds								381,193.50		
Cost of Issuance								(307,425.00)		
Transfers to Escrow Agent for the Purchase of Securities								(31,758,768.50)		
Transfers In			1,193,473.00	1,365,375.08	34,631.93	69,411.85				33,932.48
Transfers Out	(35,600.00)	(31,000.00)	(1,222,021.10)	(2,208.15)	(34,632.02)	(68,467.90)	(35,000.00)	(40,000.00)	(60,000.00)	(61,117.10)
Total Other Financing Sources (Uses)	246,239.84	(68,441.85)	424,580.48	1,585,743.64	244,243.88	50,659.64	148,629.82	272,333.42	(25,311.13)	316,076.11
Net Change in Fund Balances	\$ 1,781,969.09	\$ (6,578.34)	\$ (6,117,171.50)	\$ 3,327,062.40	\$ 2,968,798.30	\$ 1,388,528.15	\$ 2,435,301.98	\$ 2,874,509.37	\$ 663,862.79	\$ (1,583,893.22)
Debt Service as a Percentage of Noncapital Expenditures	4.2%	4.3%	4.3%	4.3%	4.4%	4.7%	5.1%	5.6%	5.7%	6.2%

Source: Exhibit B-2

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

	Fiscal Year Ended June 30,									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Rental of School Facilities	\$ 16,217.50	\$ 18,035.00	\$ 5,110.00	\$ 9,215.00	\$ 111,652.50	\$ 114,008.63	\$ 20,268.25		\$ 14,439.00	\$ 33,187.00
Lost Book Money							7,961.84			510.17
Comcast Tower Rental	22,750.00	21,000.00	19,999.98	18,999.96	20,583.29	17,416.63	17,416.63		18,416.71	17,000.04
Sale of Property									2,000.00	5,000.00
Refund of Prior Year Expenditures	92,577.25	50,232.53	43,513.73	64,709.92	272,140.62	113,175.06	90,229.95	\$ 57,867.42	49,445.93	68,525.02
Medicaid Initiative - SEMI Program										17,547.81
Adult School Tuition							6,015.00		22,715.00	46,530.00
Cancellation of Prior Year Accounts Payable									3,399.27	
Cancellation of Outstanding Checks			8,001.01							
Other	12,840.43	20,358.32	3,990.46	9,244.24	26,221.69	22,945.00	93,589.58		2,431.40	
Settlement	29,701.34		7,000.00	2,817.19						
Restitution							52.27		13,215.00	
Miscellaneous Sales				519.31	36,303.32	11,524.34	1,109.72	5,832.43	7,522.55	8,135.60
Transportation Fees					13,890.40	9,912.00	6,352.00		4,877.37	8,887.20
E-Rate Refunds	216,564.37	181,947.38	143,725.06	147,357.09	137,103.41	134,589.45	112,267.39		71,873.05	
Nonpublic Grant Administrative Fee		1,954.56	2,135.96							
NJSBA Safety Award		13,369.00	12,471.00							
Interest Earned on Deposits	99,768.85	103,500.43	218,443.44	320,468.03	567,373.41	718,064.35	562,464.28		78,041.68	61,443.52
Total Miscellaneous Revenues	\$ 490,419.74	\$ 410,397.22	\$ 464,390.64	\$ 573,330.74	\$ 1,185,268.64	\$ 1,141,635.46	\$ 917,726.91	\$ 63,699.85	\$ 288,376.96	\$ 266,766.36

Source: District Records

Revenue Capacity Information

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

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

Year Ended Dec. 31	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (1)	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
2012	\$ 16,088,700.00	\$ 994,847,000.00		\$ 411,461,200.00	\$ 90,481,800.00	\$ 23,487,100.00	\$ 1,536,365,800.00	\$ 2,753,453.00	\$ 1,539,119,253.00	\$ 276,870,000.00	\$ 2,575,500,758.00	\$ 2.407
2011	16,565,200.00	992,894,700.00		427,107,300.00	92,069,800.00	21,025,000.00	1,549,662,000.00	2,788,010.00	1,552,450,010.00	275,412,600.00	2,644,268,455.00	2.348
2010	16,241,200.00	991,682,500.00		434,811,400.00	98,486,100.00	21,516,500.00	1,562,737,700.00	3,104,950.00	1,565,842,650.00	254,750,000.00	2,719,893,434.00	2.348
2009	16,358,300.00	991,423,700.00		442,168,000.00	126,968,400.00	22,297,900.00	1,599,216,300.00	2,892,138.00	1,602,108,438.00	254,418,900.00	2,945,593,746.00	2.277
2008	16,499,500.00	989,074,800.00		459,986,200.00	119,667,000.00	22,311,900.00	1,607,539,400.00	2,968,218.00	1,610,507,618.00	254,320,400.00	2,775,780,107.00	2.265
2007	16,770,800.00	986,574,300.00		486,458,700.00	101,217,200.00	22,311,900.00	1,613,332,900.00	3,213,046.00	1,616,545,946.00	252,375,200.00	2,418,530,739.00	2.220
2006	16,409,300.00	983,672,100.00		512,301,200.00	82,441,300.00	22,144,000.00	1,616,967,900.00	3,440,954.00	1,620,408,854.00	247,717,300.00	2,154,799,008.00	2.117
2005	16,644,000.00	981,220,100.00		511,958,600.00	82,591,300.00	21,879,200.00	1,614,293,200.00	4,191,415.00	1,618,484,615.00	250,565,600.00	1,894,737,315.00	1.917
2004	16,104,500.00	979,790,000.00		521,449,800.00	82,492,400.00	22,075,700.00	1,621,912,400.00	4,710,853.00	1,626,623,253.00	236,846,500.00 (3)	1,904,265,105.00	1.917
2003	16,331,900.00	977,271,400.00		527,205,300.00	84,640,600.00	22,206,400.00	1,627,655,600.00	5,170,360.00	1,632,825,960.00	1,387,000.00	1,770,960,911.00	1.740

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

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

(3) Change in identification process

Source: Camden County Board of Taxation

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(Rate per \$100 of Assessed Value)

Unaudited

Year Ended Dec. 31	District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Township of Pennsauken	Township of Pennsauken Garbage District	Camden County	
2012	\$ 2.251	\$ 0.156	\$ 2.407	\$ 1.414	\$ 0.264	\$ 1.219	\$ 5.304
2011	2.233	0.154	2.387	1.380	0.259	1.164	5.190
2010	2.205	0.143	2.348	1.322	0.254	1.080	5.004
2009	2.147	0.130	2.277	1.210	0.254	1.084	4.825
2008	2.138	0.127	2.265	1.141	0.246	1.045	4.697
2007	2.084	0.136	2.220	1.052	0.234	0.999	4.505
2006	1.988	0.129	2.117	0.892	0.225	1.023	4.257
2005	1.897	0.124	2.021	0.801	0.225	0.917	3.964
2004	1.788	0.129	1.917	0.731	0.204	0.909	3.761
2003	1.633	0.107	1.740	0.694	0.171	0.946	3.551

Source: Municipal Tax Collector

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

<u>Taxpayer</u>	2012			2003		
	<u>Taxable Assessed Value</u>	Rank	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	Rank	<u>% of Total District Net Assessed Value</u>
Bloom Organization	\$ 60,777,100.00	1	3.95%	\$ 74,680,100.00	1	4.57%
Shapes LLC				23,902,600.00	2	1.46%
Citgo Petroleum Corp.				20,000,000.00	3	1.22%
Amerada Hess Corp.	12,252,500.00	2	0.80%	18,406,900.00	4	1.13%
Sauken Assoc. LP	7,718,200.00	3				
Menu Foods, Inc.	7,526,900.00	4	0.49%			
Shapes LLC	7,503,000.00	5	0.49%			
Lockbourne Manor Inc.	6,750,000.00	6	0.44%	13,480,000.00	5	0.83%
Stech LTD LP, Standard Warehouse	6,579,400.00	7	0.43%			
Geriatric Medical Center	6,060,000.00	8	0.39%	12,110,700.00	6	0.74%
Pepsi Cola Bottling Corp				9,542,000.00	7	0.58%
Corporate Fairways LLC				8,430,000.00	10	0.52%
Hankin, Joel, etc,				9,542,000.00	8	0.58%
PSE&G	5,965,000.00	9	0.39%			
Sun Life Assurance Co. of Canada	5,700,000.00	10				
EMK -- Penn				8,821,900.00	9	0.54%
Total	<u>\$ 126,832,100.00</u>		<u>7.37%</u>	<u>\$ 198,916,200.00</u>		<u>12.18%</u>

Source: Municipal Tax Assessor

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

<u>Fiscal Year Ended June 30,</u>	<u>School District Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (1)</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2012	\$ 37,039,257.00	\$ 37,039,257.00	100.00%	-
2011	37,060,308.00	37,060,308.00	100.00%	-
2010	36,471,407.00	36,471,407.00	100.00%	-
2009	36,471,407.00	36,471,407.00	100.00%	-
2008	36,471,407.00	36,471,407.00	100.00%	-
2007	35,303,689.00	35,303,689.00	100.00%	-
2006	33,291,059.00	33,291,059.00	100.00%	-
2005	32,099,424.00	32,099,424.00	100.00%	-
2004	30,291,181.00	30,291,181.00	100.00%	-
2003	26,509,099.00	26,509,099.00	100.00%	-

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

Source: District Records

Debt Capacity Information

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

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income (2)	Per Capita (3)
	General Obligation Bonds (1)	Certificates of Participation	Capital Leases	Bond Anticipation Notes	Capital Leases				
2012	\$ 23,550,000.00	-	\$ 248,205.64	-	-	\$ 23,798,205.64	Unavailable	Unavailable	
2011	26,520,000.00	-	229,211.26	-	-	26,749,211.26	Unavailable	746.02	
2010	29,405,000.00	-	399,163.03	-	-	29,804,163.03	1.94%	830.62	
2009	32,300,000.00	-	183,602.68	-	-	32,483,602.68	2.24%	929.19	
2008	34,845,000.00	-	143,734.99	-	-	34,988,734.99	2.38%	998.51	
2007	37,190,000.00	-	77,838.12	-	-	37,267,838.12	2.63%	1,059.05	
2006	39,510,000.00	-	244,535.68	-	-	39,754,535.68	2.91%	1,126.45	
2005	41,793,000.00	-	192,758.70	-	-	41,985,758.70	3.28%	1,190.07	
2004	42,738,000.00	-	106,057.47	-	-	42,844,057.47	3.46%	1,211.14	
2003	44,913,000.00	-	293,096.95	-	-	45,206,096.95	3.77%	1,271.62	

Sources:

- (1) District Records
- (2) Personal income has been estimated based upon the municipal population and per capita
- (3) Per Capita personal income by county-estimated based upon the 2000 Census published

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable (2)	Per Capita (3)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding (1)		
2012	\$ 23,550,000.00		\$ 23,550,000.00	1.53%	Unavailable
2011	26,520,000.00	-	26,520,000.00	1.71%	739.63
2010	29,405,000.00	-	29,405,000.00	1.88%	819.49
2009	32,300,000.00	-	32,300,000.00	2.02%	923.94
2008	34,845,000.00	-	34,845,000.00	2.16%	994.41
2007	37,190,000.00	-	37,190,000.00	2.30%	1,056.83
2006	39,510,000.00	-	39,510,000.00	2.44%	1,119.52
2005	41,793,000.00	-	41,793,000.00	2.58%	1,184.61
2004	42,738,000.00	-	42,738,000.00	2.63%	1,208.14
2003	44,913,000.00	-	44,913,000.00	2.75%	1,263.38

Sources:

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2011
Unaudited

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Pennsauken Township</u>
Municipal Debt: (1)				
Pennsauken Township School District	\$ 25,705,000.00	\$ 25,705,000.00		
Pennsauken Township	<u>34,444,585.55</u>	<u>9,115,127.55</u>	<u>\$ 25,329,458.00</u>	<u>\$ 25,329,458.00</u>
	<u>60,149,585.55</u>	<u>34,820,127.55</u>	<u>25,329,458.00</u>	<u>25,329,458.00</u>
Overlapping Debt Apportioned to the Municipality:				
Pennsauken Sewerage Authority (2)	847,915.00		847,915.00	847,915.00
County of Camden: (2)				
General:				
Bonds	43,903,921.00	27,403,718.00 (3)	16,500,203.00	1,060,251.86 (5)
Loan Agreement	169,310,000.00		169,310,000.00	10,879,335.41 (5)
Bonds Issued by Other Public Bodies Guaranteed by the County	<u>750,920,785.00</u>	<u>750,920,785.00 (4)</u>		
	<u>964,982,621.00</u>	<u>778,324,503.00</u>	<u>186,658,118.00</u>	<u>12,787,502.27</u>
	<u>\$ 1,025,132,206.55</u>	<u>\$ 813,144,630.55</u>	<u>\$ 211,987,576.00</u>	<u>\$ 38,116,960.27</u>

Sources:

- (1) 2011 Annual Debt Statement
- (2) Entity's Respective 2011 Reports of Audit
- (3) Includes Reserve for Payment of Bonds, Other Accounts Receivable and General Obligation Pension Refunding Bonds.
- (4) Deductible in accordance with N.J.S. 40:37A-80.
- (5) Such debt is allocated as a proportion of the Township's share of the total 2011 Equalized Value, which is 6.43%.
The source for this computation was the 2011 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

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

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized valuation basis (1)

\$ 2,593,142,570	2011
2,661,791,347	2010
<u>2,777,863,992</u>	2009

\$ 8,032,797,909

\$ 2,677,599,303 Average equalized valuation of taxable property

107,103,972 Debt limit 4% of \$ 2,677,599,303.00 (2)
23,550,000 Total Net Debt Applicable to Limit

\$ 83,553,972 Legal Debt Margin

	Fiscal Year Ended June 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Debt limit	\$ 107,103,972.12	\$ 111,936,457.41	\$ 113,521,234.17	\$ 108,738,541.33	\$ 97,953,041.63	\$ 86,194,383.00	\$ 77,476,931.00	\$ 71,246,063.00	\$ 67,640,935.97	\$ 65,426,222.15
Total net debt applicable to limit (3)	<u>23,550,000.00</u>	<u>26,520,000.00</u>	<u>29,405,000.00</u>	<u>32,300,000.00</u>	<u>34,845,000.00</u>	<u>37,190,000.00</u>	<u>39,510,000.00</u>	<u>41,793,000.00</u>	<u>42,738,000.00</u>	<u>44,913,000.00</u>
Legal debt margin	<u>\$ 83,553,972.12</u>	<u>\$ 85,416,457.41</u>	<u>\$ 84,116,234.17</u>	<u>\$ 76,438,541.33</u>	<u>\$ 63,108,041.63</u>	<u>\$ 49,004,383.00</u>	<u>\$ 37,966,931.00</u>	<u>\$ 29,453,063.00</u>	<u>\$ 24,902,935.97</u>	<u>\$ 20,513,222.15</u>
Total net debt applicable to the limit as a percentage of debt limit	21.99%	23.69%	25.90%	29.70%	35.57%	43.15%	51.00%	58.66%	63.18%	68.65%

Sources:

- (1) Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
- (2) Limit set by NJSA 18A:24-19 for a K through 12 district.
- (3) District Records

Demographic and Economic Information

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

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

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2011	35,856	Unavailable	Unavailable	11.70%
2010	35,882	\$ 1,532,879,040.00	\$ 42,720.00	11.70%
2009	34,959	1,447,512,354.00	41,406.00	11.20%
2008	35,041	1,471,441,672.00	41,992.00	7.20%
2007	35,190	1,416,749,400.00	40,260.00	5.50%
2006	35,292	1,364,776,932.00	38,671.00	5.80%
2005	35,280	1,280,628,720.00	36,299.00	5.30%
2004	35,375	1,236,533,125.00	34,955.00	3.90%
2003	35,550	1,200,594,600.00	33,772.00	4.40%
2002	35,635	1,159,313,455.00	32,533.00	4.30%

Sources:

- (1) Population information provided by the NJ Dept of Labor and Workforce Development
- (2) Personal income has been estimated based upon the municipal population and per capita
- (3) Per Capita personal income by municipality-estimated based upon the 2000 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.

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

<u>Function/Program</u>	Fiscal Year Ended June 30,									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Instruction										
Regular	321	321	333	360	353	350	348	352	352	-
Special education	142	121	105	100	87	76	58	56	56	-
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	24	36	80	85	73	72	95	100	104	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	111	129	118	100	95	79	79	82	78	-
General administrative services	5	11	12	15	13	13	14	15	9	-
School administrative services	47	53	58	55	47	48	38	40	51	-
Business administrative services	17	10	11	18	18	19	21	20	20	-
Plant operations and maintenance	105	90	86	95	93	96	96	97	97	-
Pupil transportation	67	66	61	67	63	48	49	48	48	-
Special Schools	-	-	-	-	-	-	4	-	-	-
Food Service	32	27	28	38	49	47	45	43	43	-
Community Education and Recreation	-	-	-	-	-	-	-	-	-	-
Total	871	864	892	933	891	848	847	853	858	-

(1)

(1) Unavailable
 Source: District Records

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

Fiscal Year Ended June 30.	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Intermediate	Middle School	High School				
2012	5,383	\$ 92,006,000.58	\$ 17,091.96	3.44%	487	11.01/1	11.24/1	9.91/1	10.7/1	5,361.3	5,038.2	7.23%	93.97%
2011	5,475	90,470,453.57	16,524.28	-3.49%	478	12.62/1	10.64/1	11.12/1	10.61/1	5,000.0	4,661.0	-4.34%	93.22%
2010	5,480	93,830,224.31	17,122.30	8.03%	518	12.57/1	10.96/1	10.56/1	10.96/1	5,227.0	5,205.0	0.08%	99.58%
2009	5,476	86,792,456.54	15,849.61	5.07%	545	11.85/1	9.66/1	7.2/1	10.4/1	5,223.0	5,201.0	-6.20%	99.58%
2008	5,521	83,285,687.44	15,085.25	7.58%	503	18.28/1	11.7/1	11.92/1	11.25/1	5,568.0	5,157.5	-2.23%	92.63%
2007	5,648	79,201,935.88	14,023.01	7.80%	494	19.3/1	12.1/1	12.2/1	13.8/1	5,695.1	5,351.5	-1.91%	93.97%
2006	5,764	74,983,122.78	13,008.87	6.86%	504	11.97/1	11.99/1	11.19/1	10.73/1	5,806.2	5,438.2	-2.62%	93.66%
2005	5,924	72,115,408.07	12,173.43	2.47%	520	18.52/1	13.71/1	14.85/1	13.69/1	5,962.2	5,589.5	-1.80%	93.75%
2004	5,963	70,840,834.84	11,880.07	10.18%	527	20.05/1	12.98/1	14.05/1	13.54/1	6,071.6	5,676.6	-2.20%	93.49%
2003	6,135	66,150,125.86	10,782.42	2.91%	526	20.7/1	13.49/1	14.09/1	14.45/1	6,208.2	5,822.8	1.79%	93.79%

Sources: District Records

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

District Building	Fiscal Year Ended June 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004 (1)	2003 (1)
Elementary										
Baldwin (1955)										
Square Feet	11,621	11,621	11,621	11,621	11,621	11,621	11,621	11,621	-	-
Capacity (students)	275	275	275	275	275	275	275	275	-	-
Enrollment	125	143	125	114	113	103	144	148	-	-
Burling (1963)										
Square Feet	14,880	14,880	14,880	14,880	14,880	-	-	-	-	-
Capacity (students)	150	150	150	150	150	-	-	-	-	-
Enrollment	111	125	131	127	119	-	-	-	-	-
Carson (1954)										
Square Feet	46,274	46,274	46,274	46,274	46,274	46,274	46,274	46,274	-	-
Capacity (students)	314	314	314	314	314	314	314	314	-	-
Enrollment	333	361	378	348	353	305	294	269	-	-
Central (1925)										
Square Feet	-	47,487	47,487	47,487	47,487	47,487	47,487	47,487	-	-
Capacity (students)	-	486	486	486	486	486	486	486	-	-
Enrollment	-	-	-	-	-	330	325	334	-	-
Delair (2002)										
Square Feet	41,481	41,481	41,481	41,481	41,481	41,481	41,481	41,481	-	-
Capacity (students)	430	430	430	430	430	430	430	430	-	-
Enrollment	403	399	397	393	360	390	377	391	-	-
Fine (1964)										
Square Feet	41,310	41,310	41,310	41,310	41,310	41,310	41,310	41,310	-	-
Capacity (students)	378	378	378	378	378	378	378	378	-	-
Enrollment	310	355	356	320	320	277	264	297	-	-
Franklin (1954)										
Square Feet	56,802	56,802	56,802	56,802	56,802	56,802	56,802	56,802	-	-
Capacity (students)	551	551	551	551	551	551	551	551	-	-
Enrollment	443	466	458	409	436	397	388	405	-	-
Longfellow (1926)										
Square Feet	22,320	22,320	22,320	22,320	22,320	22,320	22,320	22,320	-	-
Capacity (students)	227	227	227	227	227	227	227	227	-	-
Enrollment	252	233	247	252	252	165	183	190	-	-
Roosevelt (1926)										
Square Feet	23,132	23,132	23,132	23,132	23,132	23,132	23,132	23,132	-	-
Capacity (students)	217	217	217	217	217	217	217	217	-	-
Enrollment	181	191	192	204	203	226	230	204	-	-
Intermediate										
Intermediate School (2002)										
Square Feet	82,733	82,733	82,733	82,733	82,733	82,733	82,733	82,733	-	-
Capacity (students)	986	986	986	986	986	986	986	986	-	-
Enrollment	798	798	805	792	807	827	849	863	-	-
Middle School										
Middle School (1965)										
Square Feet	153,790	153,790	153,790	153,790	153,790	153,790	153,790	153,790	-	-
Capacity (students)	1,274	1,274	1,274	1,274	1,274	1,274	1,274	1,274	-	-
Enrollment	793	834	837	885	882	894	949	1,029	-	-
Booker T Washington Annex										
Booker T. Washington (1927)										
Square Feet	6,206	6,206	6,206	6,206	6,206	6,206	6,206	6,206	-	-
Capacity (students)	43	43	43	43	43	43	43	43	-	-
Enrollment	20	25	25	37	39	34	15	22	-	-
High School										
Pennsauken High School (1959)										
Square Feet	232,755	232,755	232,755	232,755	232,755	232,755	232,755	232,755	-	-
Capacity (students)	1,986	1,986	1,986	1,986	1,986	1,986	1,986	1,986	-	-
Enrollment	1,512	1,545	1,529	1,595	1,637	1,700	1,797	1,840	-	-

Number of Schools at June 30, 2012
 Elementary = 8
 Intermediate = 1
 Middle School = 1
 Booker T Washington Annex = 1
 High School = 1
 Other = 0

(1) Unavailable
 Source: District Records

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

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

* School Facilities	Project # (s)	Fiscal Year Ended June 30,									
		2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Pennsauken High		\$ 391,140.87	\$ 441,011.27	\$ 648,636.96	\$ 385,115.36	\$ 351,453.52	\$ 296,612.25	\$ 412,770.43	\$ 461,311.57	\$ 472,852.22	\$ 328,843.19
Administration		69,181.24	34,296.42	72,436.96	26,612.80	21,939.44	16,228.05	15,695.81	19,771.14	29,244.40	
Howard M. Phifer Middle		157,010.66	274,427.20	415,727.02	291,213.07	278,637.05	237,946.84	265,800.61	324,938.14	291,822.66	178,505.00
Intermediate		83,182.27	103,303.13	219,037.58	88,732.49	64,924.38	60,608.50	74,155.69	90,733.65	69,964.03	186,090.00
A. E. Burling Magnet		49,841.65	20,469.51	33,452.99	37,726.04	97,098.89	113,296.93	17,029.11	11,985.34	10,671.24	21,280.00
Booker T. Washington		44,446.87	45,275.77	24,575.86	20,304.96	14,722.17	22,430.33	15,697.44	14,908.38	7,773.60	16,446.00
Baldwin		54,825.80	24,145.54	28,077.08	33,892.76	26,838.19	20,409.65	21,950.01	23,167.87	20,187.74	22,961.00
Benjamin Franklin		77,492.41	63,660.42	118,476.79	104,726.74	54,343.55	65,318.05	60,508.78	68,180.28	48,697.41	59,426.00
Central					19,610.62	32,524.74	40,009.72	57,745.22	67,753.71	42,703.30	47,334.00
Delair		91,353.00	85,094.91	102,711.52	69,493.03	52,557.69	40,203.31	51,435.18	56,476.93	48,598.17	40,099.00
Carson		66,925.97	63,259.84	101,450.07	58,013.03	48,725.82	43,519.40	58,536.16	78,564.98	53,463.70	52,052.00
George B. Fine		76,601.89	55,815.76	101,424.87	66,295.15	54,793.51	43,660.55	54,058.88	57,916.87	47,957.28	48,551.00
Longfellow		84,784.37	41,483.25	64,582.42	46,366.01	42,452.39	43,711.09	39,358.49	47,266.23	32,251.56	27,909.00
Roosevelt		65,651.27	49,237.12	75,709.78	69,083.38	43,899.25	35,243.26	36,676.19	46,849.91	35,716.46	44,554.00
		<u>1,312,438.27</u>	<u>1,301,480.14</u>	<u>2,006,299.90</u>	<u>1,317,185.44</u>	<u>1,184,910.59</u>	<u>1,079,197.93</u>	<u>1,181,418.00</u>	<u>1,369,825.00</u>	<u>1,211,903.77</u>	<u>1,074,050.19</u>
Other Facilities		-	-	-	-	-	-	-	-	-	-
Grand Total		<u>\$ 1,312,438.27</u>	<u>\$ 1,301,480.14</u>	<u>\$ 2,006,299.90</u>	<u>\$ 1,317,185.44</u>	<u>\$ 1,184,910.59</u>	<u>\$ 1,079,197.93</u>	<u>\$ 1,181,418.00</u>	<u>\$ 1,369,825.00</u>	<u>\$ 1,211,903.77</u>	<u>\$ 1,074,050.19</u>

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

Source: District Records

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT

Insurance Schedule

June 30, 2012

Unaudited

		<u>Coverage</u>	<u>Deductible</u>
New Jersey School Boards Insurance Group:			
Blanket Property & Business Personal Property	(A) \$	188,272,922.00	\$ 5,000.00
Boiler and Machinery	(B)	100,000,000.00	5,000.00
Auto Liability	(B)	6,000,000.00	1,000.00
General Liability	(A)	6,000,000.00	
Pollution Liability	(B)	1,000,000.00	10,000.00
Environmental Impairment	(A)	1,000,000.00	10,000.00
Workers Compensation -- Excess by Accident	(B)	10,000,000.00	400,000.00
Inland Marine:			
Blanket Hardware and Software	(A)	935,000.00	1,000.00
Accident Policies:			
Student Accident	(B)	5,000,000.00	
School Board Legal Liability			
Legal Liability Policy	(A)	2,000,000.00	10,000.00
Employee Dishonesty Coverage	(A)	100,000.00	1,000.00
Ohio Casualty Insurance Company Bond:			
Treasurer		425,000.00	
School Business Administrator		375,000.00	
(A)	Per Claim/Annual Aggregate		
(B)	Per Occurrence		

Source: District Records

SINGLE AUDIT SECTION

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND STATE OF NEW JERSEY CIRCULAR 04-04-OMB

The Honorable President and
Members of the Board of Education
Township of Pennsauken School District
County of Camden
Pennsauken, NJ 08110

Compliance

We have audited the Township of Pennsauken School District's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey State Grant Compliance Supplement that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2012. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133, and State of New Jersey Circular 04-04-OMB require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Township of Pennsauken School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School District's compliance with those requirements.

In our opinion, the Township of Pennsauken School District complied, in all material respects, with the 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, 2012. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and New Jersey Circular 04-04-OMB and which is described in the accompanying Schedule of Findings and Questioned Costs and Independent Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance as finding number 2012-2.

Internal Control Over Compliance

Management of the Township of Pennsauken School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circular 04-04-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Township of Pennsauken School District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the School District's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, members of the Board of Education, others within the School District, the Division of Administration and Finance of the New Jersey Department of Education, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Daniel M. DiGangi

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

Voorhees, New Jersey
December 3, 2012

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2012

Federal Grantor/ Pass-through Grantor / Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2011
				From	To	
General Fund						
U.S. Department of Education Passed-through						
State Department of Education:						
Education Job Fund	84.410A	N/A	\$ 1,650,296.00	8-10-10	9-30-12	
U.S. Department of Health and Human Services						
Passed Through State Department of Education:						
Special Education - Medicaid Administrative Claiming Aid	93.778	Unavailable	14,980.15	7-1-11	6-30-12	
Special Education - Medicaid Initiative	93.778	Unavailable	183,733.72	7-1-11	6-30-12	
Special Education - Medicaid Initiative	93.778	Unavailable	268,003.02	7-1-10	6-30-11	<u>\$ (55,667.70)</u>
Total General Fund						<u>(55,667.70)</u>
Special Revenue Fund						
U.S. Department of Education Passed-through						
State Department of Education:						
I.A.S.A.:						
Title I Part A	84.010A	IASA169009	1,651,131.00	9-1-08	8-31-09	(238,790.00)
Title I Part A	84.010A	IASA169010	1,529,359.00	9-1-09	8-31-10	(131,418.00)
Title I Part A	84.010A	IASA169011	1,585,913.00	9-1-10	8-31-11	(1,088,142.33)
Title I Part A	84.010A	IASA169012	1,598,707.00	9-1-11	8-31-12	
ARRA - Title I Part A	84.389A	IASA169010	967,244.00	9-1-09	8-31-11	(152,881.25)
Title I - School Improvement Part A	84.377A	IASA169009	95,675.00	9-1-08	8-31-09	(40,539.00)
Title I - School Improvement Part A	84.377A	IASA169010	104,991.00	9-1-09	8-31-10	(104,991.00)
Title I - School Improvement Part A	84.377A	IASA169011	104,991.00	9-1-10	8-31-11	88,365.68
Title I - School Improvement Part A	84.377A	IASA169009	100,000.00	9-1-08	8-31-09	27,189.91
Title II Part A	84.367A	IASA169009	268,029.00	9-1-08	8-31-09	(12,753.00)
Title II Part A	84.367A	IASA169010	262,986.00	9-1-09	8-31-10	(252.00)
Title II Part A	84.367A	IASA169011	267,954.00	9-1-10	8-31-11	(5,246.10)
Title II Part A	84.367A	IASA169012	225,414.00	9-1-11	8-31-12	
Title II Part D	84.318X	IASA169009	12,218.00	9-1-08	8-31-09	(2,525.00)
Title II Part D	84.318X	IASA169010	13,768.00	9-1-09	8-31-10	(6,878.00)
Title II Part D	84.318X	IASA169011	4,530.00	9-1-10	8-31-11	6,168.81
Title II Part D	84.318X	IASA169012	4,530.00	9-1-11	8-31-12	
Title III	84.365A	IASA169009	55,173.00	9-1-08	8-31-09	(3,428.00)
Title III	84.365A	IASA169010	57,315.00	9-1-09	8-31-10	(1,566.00)
Title III	84.365A	IASA169011	66,446.00	9-1-10	8-31-11	18,415.60
Title III	84.365A	IASA169012	53,526.00	9-1-11	8-31-12	
Title III Immigrant	84.365A	IASA169012	18,002.00	9-1-11	8-31-12	
Title IV	84.186A	IASA169009	26,585.00	9-1-08	8-31-09	(1,871.00)
Title IV	84.186A	IASA169010	23,866.00	9-1-09	8-31-10	(1,177.00)
Title IV	84.186A	IASA169011	4,362.00	9-1-10	8-31-11	1,038.25
Title V	84.298	IASA169008	13,313.00	9-1-07	8-31-08	1,566.00
I.D.E.I.A. Part B:						
Basic & Capacity	84.027	FT169009	1,741,005.00	9-1-08	8-31-09	(81,096.00)
Basic & Capacity	84.027	FT169010	1,722,764.00	9-1-09	8-31-10	(93,430.00)
Basic & Capacity	84.027	FT169011	1,741,139.00	9-1-10	8-31-11	(719,384.31)
Basic & Capacity	84.027	FT169012	1,774,364.00	9-1-11	8-31-12	
ARRA - Basic & Capacity	84.391	FT169010	1,771,136.00	9-1-09	8-31-11	(346,004.32)
Pre-School	84.173	PS169009	46,802.00	9-1-08	8-31-09	(1,177.00)
Pre-School	84.173	PS169010	46,595.00	9-1-09	8-31-10	(9,979.00)
Pre-School	84.173	PS169011	49,245.00	9-1-10	8-31-11	(47,631.10)
Pre-School	84.173	PS169012	49,144.00	9-1-11	8-31-12	
ARRA - Pre-School	84.392A	PS169010	63,739.00	9-1-09	8-31-11	
Other:						
IDEAL MU-26	84.027A	Unavailable	60,623.00	7-1-08	6-30-09	3,238.00
Math Intervention Consortium	84.027A	Unavailable	1,105.57	7-1-08	6-30-09	<u>390.49</u>
Total Special Revenue Fund						<u>(2,944,786.67)</u>
Enterprise Fund:						
U.S. Department of Agriculture:						
Food Distribution Program	10.555	Unavailable	179,788.54	7-1-11	6-30-12	
Food Distribution Program	10.555	Unavailable	124,397.52	7-1-10	6-30-11	7,089.44
Passed-through State Department of Education:						
National School Lunch Program	10.555	Unavailable	1,478,670.71	7-1-11	6-30-12	
National School Lunch Program	10.555	Unavailable	1,398,367.44	7-1-10	6-30-11	(227,259.22)
National School Breakfast Program	10.553	Unavailable	331,091.16	7-1-11	6-30-12	
National School Breakfast Program	10.553	Unavailable	313,924.68	7-1-10	6-30-11	(52,787.40)
Special Milk Program	10.556	Unavailable	5,358.17	7-1-11	6-30-12	
Special Milk Program	10.556	Unavailable	5,460.63	7-1-10	6-30-11	(986.16)
Fresh Fruit and Vegetable Program	10.582	Unavailable	33,373.43	7-1-11	6-30-12	
Fresh Fruit and Vegetable Program	10.582	Unavailable	18,676.98	7-1-10	6-30-11	<u>(2,007.09)</u>
Total Enterprise Fund						<u>(275,950.43)</u>
Total Federal Financial Assistance						<u>\$ (3,276,404.80)</u>

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

Carryover / (Walkover) Amount	Cash Received	Budgetary Expenditures	(A) Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2012		
					(Accounts Receivable)	Deferred Revenue	Due to Grantor
	\$ 1,214,275.90	\$ 1,650,296.00			\$ (436,020.10)		
	1,756.71	14,980.15			(13,223.44)		
	151,105.55	183,733.72			(32,628.17)		
	55,667.70						
-	1,422,805.86	1,849,009.87	-	-	(481,871.71)	-	-
	238,790.00						
	131,418.00						
	1,214,872.00	257,412.95	\$ 130,683.28				
		1,196,588.97			(1,969,748.00)	\$ 773,159.03	
	241,125.00	88,244.25	(16,880.50)		(16,881.00)		
	40,539.00						
	99,839.00		5,152.00				
		27,152.49	(61,213.19)				
			(27,189.91)				
	12,753.00						
	252.00						
	148,499.00		(143,252.90)				
		200,201.48			(370,260.00)	170,058.52	
	2,525.00						
	5,167.00		1,711.00				
		228.81	(5,940.00)				
					(4,530.00)	4,530.00	
	3,428.00						
	1,566.00						
	18,415.60	9,376.60	(27,454.60)				
	8,842.40	15,860.96	(8,843.65)		(89,334.00)	73,471.79	
					(18,002.00)	18,002.00	
	1,871.00						
	1,177.00		(1,314.25)				
	276.00		(1,566.00)				
	81,096.00						
	93,430.00						
	659,965.00	316.00	59,735.31				
		1,695,754.18	(314.52)		(1,938,098.00)	242,029.30	
	389,918.00	43,913.68					
	1,177.00						
\$ (1,943.00)	11,922.00		(4,145.90)				
1,943.00	49,834.00		0.30		(51,087.00)	50,297.30	
	63,283.00	63,282.80	(0.20)				
							\$ 3,238.00
							390.49
-	3,521,980.00	3,599,123.17	(100,833.73)	-	(4,457,940.00)	1,331,547.94	3,628.49
	179,788.54	174,945.12				4,843.42	
		7,089.44					
	1,415,494.52	1,478,670.71			(63,176.19)		
	227,259.22				(14,393.04)		
	316,698.12	331,091.16					
	52,787.40				(240.74)		
	5,117.43	5,358.17					
	986.16				(1,985.62)		
	31,387.81	33,373.43					
	2,007.09						
-	2,231,526.29	2,030,528.03	-	-	(79,795.59)	4,843.42	-
-	\$ 7,176,312.15	\$ 7,478,661.07	\$ (100,833.73)	-	\$ (5,019,607.30)	\$ 1,336,391.36	\$ 3,628.49

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2012

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2011		Carryover / (Walkover) Amount
			From	To	Deferred Revenue / Accounts Receivable	Due to Grantor	
General Fund:							
Current Expense:							
Equalization Aid	12-495-034-5120-078	\$ 41,330,163.00	7-1-11	6-30-12			
Equalization Aid	11-495-034-5120-078	40,892,111.00	7-1-10	6-30-11	\$ (3,815,846.22)		
Special Education Aid	12-495-034-5120-089	2,838,376.00	7-1-11	6-30-12			
Special Education Aid	11-495-034-5120-089	2,838,376.00	7-1-10	6-30-11	(264,862.98)		
Security Aid	12-495-034-5120-084	1,385,430.00	7-1-11	6-30-12			
Extraordinary Aid	12-495-034-5120-473	605,452.00	7-1-11	6-30-12			
Extraordinary Aid	11-495-034-5120-473	671,360.00	7-1-10	6-30-11	(671,360.00)		
Non-Public Transportation Aid	12-495-034-5120-014	62,401.86	7-1-11	6-30-12			
Non-Public Transportation Aid	11-495-034-5120-014	56,157.67	7-1-10	6-30-11	(56,157.67)		
Anti Bullying Aid	Unknown	246.00	7-1-11	6-30-12			
T.P.A.F. Social Security Aid	12-495-034-5095-002	2,658,510.40	7-1-11	6-30-12			
T.P.A.F. Social Security Aid	11-495-034-5095-002	2,759,126.07	7-1-10	6-30-11	(2,786.28)		
Total General Fund					(4,811,013.15)	-	-
Special Revenue Fund:							
Nonpublic Aid:							
Nursing Services	12-100-034-5120-070	88,672.00	7-1-11	6-30-12			
Textbook Aid (Ch. 194, L. 1977)	12-100-034-5120-064	62,077.00	7-1-11	6-30-12			
Textbook Aid (Ch. 194, L. 1977)	11-100-034-5120-064	73,949.00	7-1-10	6-30-11		\$ 7,424.15	
Auxiliary Services (Ch. 192, L. 1977)							
Compensatory Education	12-100-034-5120-067	221,476.00	7-1-11	6-30-12			
Compensatory Education	11-100-034-5120-067	298,402.00	7-1-10	6-30-11		39,182.00	
Home Instruction	12-100-034-5120-067	4,568.00	7-1-11	6-30-12			
Home Instruction	11-100-034-5120-067	899.00	7-1-10	6-30-11	(899.00)		
English as a Second Language	12-100-034-5120-067	23,275.00	7-1-11	6-30-12			
English as a Second Language	11-100-034-5120-067	28,176.00	7-1-10	6-30-11		9,186.00	
Transportation	12-100-034-5120-068	20,383.00	7-1-11	6-30-12			
Transportation	11-100-034-5120-068	18,786.00	7-1-10	6-30-11		9,646.00	
Handicapped Services (Ch. 193, L. 1977)							
Corrective Speech	12-100-034-5120-066	57,659.00	7-1-11	6-30-12			
Corrective Speech	11-100-034-5120-066	46,157.00	7-1-10	6-30-11		5,092.00	
Examination and Classification	12-100-034-5120-066	76,964.00	7-1-11	6-30-12			
Examination and Classification	11-100-034-5120-066	91,835.00	7-1-10	6-30-11		12,687.00	
Supplementary Instruction	12-100-034-5120-066	54,017.00	7-1-11	6-30-12			
Supplementary Instruction	11-100-034-5120-066	54,892.00	7-1-10	6-30-11		7,293.00	
Adult Education	12-100-034-5064-014	28,400.00	7-1-11	6-30-12			
Adult Education	11-100-034-5064-014	36,000.00	7-1-10	6-30-11	(3,309.00)		
Preschool Education Aid	09-495-034-5120-086	721,616.00	7-1-08	6-30-09	248,358.18		
Preschool Education Aid	10-495-034-5120-086	730,512.00	7-1-09	6-30-10	172,841.59		
Preschool Education Aid	11-495-034-5120-086	791,388.00	7-1-10	6-30-11	712,249.20		
Preschool Education Aid	12-495-034-5120-086	862,410.00	7-1-11	6-30-12			
Total Special Revenue Fund					1,129,240.97	90,510.15	-
Capital Projects Fund:							
School Development Authority	4060-050-09-1001	266,692.00	7-24-09	Completion	79,883.00		
School Development Authority	4060-050-09-1002	32,973.00	7-24-09	Completion	16,227.00		
School Development Authority	4060-055-09-1003	1,032,762.00	7-24-09	Completion	(744,162.00)		
Total Capital Projects Fund					(648,052.00)	-	-
Debt Service Fund:							
School Construction Debt Service Aid	12-100-034-5120-075	1,606,188.00	7-1-11	6-30-12	-	-	-
Enterprise Fund:							
State School Lunch Aid	12-100-010-3350-023	35,130.01	7-1-11	6-30-12			
State School Lunch Aid	11-100-010-3350-023	34,490.42	7-1-10	6-30-11	(7,288.55)		
Total Enterprise Fund					(7,288.55)	-	-
Total State Financial Assistance					\$ (4,337,112.73)	\$ 90,510.15	-

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

Cash Received	Budgetary Expenditures	(A) Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2012			Budgetary Receivable June 30, 2012	Cumulative Total Expenditures
				(Accounts Receivable)	Deferred Revenue	Due to Grantor		
\$ 37,484,279.57	\$ 41,330,163.00			\$ (3,845,883.43)			\$ (3,845,883.43)	\$ 41,330,163.00
3,815,846.22				(264,118.56)			(264,118.56)	2,838,376.00
2,574,257.44	2,838,376.00							
264,862.98				(128,918.01)	\$ 911,741.00		(128,918.01)	473,689.00
1,256,511.99	473,689.00			(605,452.00)				605,452.00
	605,452.00							
671,360.00				(62,401.86)				62,401.86
	62,401.86							
56,157.67								
246.00	246.00							246.00
2,531,322.38	2,658,510.40			(127,188.02)				2,658,510.40
2,786.28								
<u>48,657,630.53</u>	<u>47,968,838.26</u>	<u>-</u>	<u>-</u>	<u>(5,033,961.88)</u>	<u>911,741.00</u>	<u>-</u>	<u>(4,238,920.00)</u>	<u>47,968,838.26</u>
88,672.00	88,150.08	\$ 0.08				\$ 522.00		88,150.08
62,077.00	52,662.01	0.01	\$ 7,424.00			9,415.00		52,662.01
	(0.15)							
221,476.00	220,454.00					1,022.00		220,454.00
	4,568.00		39,182.00	(4,568.00)				4,568.00
899.00								
23,275.00	6,120.00					17,155.00		6,120.00
20,383.00	5,715.77	(0.23)	9,186.00			14,667.00		5,715.77
			9,646.00					
57,659.00	38,468.13	0.13				19,191.00		38,468.13
76,964.00	57,949.06	0.06	5,092.00			19,015.00		57,949.06
			12,687.00					
54,017.00	34,794.40	0.40	7,293.00			19,223.00		34,794.40
23,737.00	26,415.72			(2,678.72)				26,415.72
3,309.00								
	248,358.18							248,358.18
	172,841.59							172,841.59
79,138.80	791,388.00			(86,241.00)	733,175.01		(86,241.00)	791,388.00
776,169.00	129,234.99							129,234.99
<u>1,487,775.80</u>	<u>1,877,119.93</u>	<u>0.30</u>	<u>90,510.00</u>	<u>(93,487.72)</u>	<u>733,175.01</u>	<u>100,210.00</u>	<u>(86,241.00)</u>	<u>1,877,119.93</u>
		(79,883.00)						
		(16,227.00)						
	<u>24,000.00</u>			<u>(1,032,762.00)</u>	<u>264,600.00</u>			<u>1,332,800.00</u>
-	24,000.00	(96,110.00)	-	(1,032,762.00)	264,600.00	-	-	1,332,800.00
1,606,188.00	1,606,188.00	-	-	-	-	-	-	1,606,188.00
33,652.95	35,130.01			(1,477.06)				35,130.01
7,288.55								
40,941.50	35,130.01	-	-	(1,477.06)	-	-	-	35,130.01
<u>\$ 51,792,535.83</u>	<u>\$ 51,511,276.20</u>	<u>\$ (96,109.70)</u>	<u>\$ 90,510.00</u>	<u>\$ (6,161,688.66)</u>	<u>\$ 1,909,516.01</u>	<u>\$ 100,210.00</u>	<u>\$ (4,325,161.00)</u>	<u>\$ 52,820,076.20</u>

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2012

Note 1: GENERAL

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

Note 2: BASIS OF ACCOUNTING

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

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile revenues from the budgetary basis to the GAAP basis is \$(158,210.80) for the general fund and \$(130,338.13) for the special revenue fund. The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$356,048.85 for the special revenue fund. There is no required adjustment for the general fund. See Exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

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

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 1,849,009.87	\$ 48,880,579.26	\$ 50,729,589.13
Special Revenue	3,599,123.17	2,233,168.78	5,832,291.95
Capital Projects		24,000.00	24,000.00
Debt Service		1,606,188.00	1,606,188.00
Food Service	<u>2,030,528.03</u>	<u>35,130.01</u>	<u>2,065,658.04</u>
Total Awards and Financial Assistance	<u>\$ 5,448,133.04</u>	<u>\$ 52,743,936.04</u>	<u>\$ 58,192,069.08</u>

Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 5: ADJUSTMENTS

Amounts reported in the column entitled "adjustments" represent favorable differences incurred in the liquidation of encumbrances charged as budgetary basis expenditures in fiscal year 2010-2011 and the cancellation of receivables and appropriations to the general fund.

Note 6: OTHER

Revenues and expenditures reported under the food distribution program represent current year value received and current year distribution, respectively. TPAF social security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2012.

Note 7: MAJOR PROGRAMS

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? X yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	IDEA Part B -- Basic & Capacity
84.391	ARRA - IDEA Part B -- Basic & Capacity
84.173	IDEA Part B -- Pre-School
84.392A	ARRA -- IDEA Part B -- Pre-School
84.410A	Educational Job Fund
84.010A	Title I Part A
84.389A	ARRA -- Title I Part A
10.555	Food Distribution Program
10.555	National School Lunch Program
10.553	National School Breakfast Program
10.556	Special Milk Program

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

Auditee qualified as low-risk auditee? X yes no

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

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 Unqualified

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

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
12-495-034-5120-078	State Aid Public -- Equalization Aid
12-495-034-5120-089	State Aid Public -- Special Education Aid
12-495-034-5120-084	State Aid Public -- Security Aid
12-495-034-5095-002	Reimbursed TPAF Social Security Contributions
12-100-034-5120-075	School Construction Debt Service Aid

Dollar threshold used to determine Type A programs \$ 1,545,338.00

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section 2- Schedule of Financial Statement Findings

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

Finding No. 2012-1

Criteria or Specific Requirement

Payments to the New Jersey Division of Pensions and to the State Department of Labor for employees' payroll deductions are required to be made on a timely basis. In addition, proper internal control procedures require that the reconciliation of payroll deductions payable be performed on a monthly basis.

Condition

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

Context

Eight of the twelve payments to the New Jersey Division of Pensions for employees' payroll deductions of Teacher's Pension and Annuity Fund and Public Employees Retirement System were not made on a timely basis and one of the quarterly reports to the New Jersey Department of Labor was not filed on a timely basis.

Effect

The New Jersey Division of Pension, Internal Revenue Service and New Jersey Department of Labor Guidelines were not adhered to and the District was required to pay \$5,382.54 of penalty and interest charges and may be assessed additional penalty and interest charges.

Cause

There was a significant turnover in staffing and there was an oversight by the responsible official.

Recommendation

That all payroll reports and remittances, be made timely and that the reconciliation of payroll deductions payable is completed on a monthly basis.

View of Responsible Officials and Planned Corrective Action

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by OMB Circular A-133.

Finding No. 2012-2

Information on the Federal Program

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

Criteria or Specific Requirement

The Elementary and Secondary Education Act requires that the District must notify parents of students in schools in need of improvement, the current status of the school.

Condition

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

Questioned Costs

N/A

Context

N/A

Effect

Parents of students in schools in need of improvement were not made aware of the current status of the school.

Cause

Oversight by the responsible official.

Recommendation

That the District notify parents of students in schools in need of improvement, the current status of the school as required by the Elementary and Secondary Education Act.

View of Responsible Officials and Planned Corrective Action

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

TOWNSHIP OF PENNSAUKEN SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

None.

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

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

FINANCIAL STATEMENT FINDINGS

Finding No. 2011-1

Condition

The School District did not adopt the required resolution to transfer capital reserve funds to state approved "Other Capital Projects" for cafeteria window replacement.

Current Status

This condition has been resolved.

Finding No. 2011-2

Condition

Our audit of the middle school activities account revealed the following:

1. Four of the receipts are entered with the "date of receipt."
2. The turnover date was not recorded for six of the receipts.
3. Three of the receipts tested were not deposited within forty-eight hours.

Current Status

This condition has been resolved.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE PROGRAMS

None.

