

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



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015**

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



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

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

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

Chandra D. Anaya, CPA  
School Business Administrator

December 9, 2015

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

Dear Board Members:

The comprehensive annual financial report of the Galloway Township Public School District for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Galloway Township Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with provisions of the OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organization, and State of New Jersey Circular 15-08-OMB, Single Audit Policy for Requirements of Federal Grants, State Grants and State Aid. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws, regulations, findings and recommendations, are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:**

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

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular and special education for handicapped youngsters. The District completed the 2014-15 fiscal year with an enrollment of 3,282 students (including 50 students attending Charter Schools and 11 attending choice districts). The following details the changes in the student enrollment of the District over the last ten years.

June 30 Enrollment Per Year Data

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percentage Change</u>
2014-15	3,282	-4.87%
2013-14	3,450	-1.68%
2012-13	3,509	-1.60%
2011-12	3,566	-1.44%
2010-11	3,618	-1.47%
2009-10	3,672	-1.36%
2008-09	3,723	-3.23%
2007-08	3,847	-3.51%
2006-07	3,982	-1.76%
2005-06	4,052	0.3%

**2) ECONOMIC CONDITION AND OUTLOOK:**

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

**3) MAJOR INITIATIVES:**

During the 2014-2015 school year, our district and schools continued efforts to provide a quality education in a safe, positive learning environment. Of course, these efforts included meeting the English Language Arts and Math Common Core State Standards (CCSS) and administration of the related Partnership to Assess College and Career Readiness (PARCC) tests. Students in grades three through eight participated in the Partnership to Assess Readiness for College and Careers (PARCC). However, as of this date, we have not received district, schools, or student results.

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

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

- Purchased supplemental and replacement materials for all content areas and programs
- Purchased additional technology including Chromebook carts, ipads, and laptop carts, to support instruction and for PARCC test administration
- Studied and expanded the use of technology to identify and ameliorate reading difficulties as may be caused by dyslexia.
- Provided ongoing staff development including content-based, pedagogical, DOE mandated, and other areas as deemed necessary including those areas indicated in our School and District Professional Development Plan
- Offered before/after school ELA and math sessions for identified students as well as a Title I funded Summer Learning Program and IDEA funded Extended School Year

### **4) INTERNAL ACCOUNTING CONTROLS:**

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

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

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

**5) BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assignments of fund balance at June 30, 2015.

**6) ACCOUNTING SYSTEM AND REPORTS:**

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

**7) CASH MANAGEMENT:**

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

**8) RISK MANAGEMENT:**

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

**9) OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bowman & Company LLP was selected by the Board. In addition, to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organization, and State of New Jersey Circular 15-08-OMB, Single Audit Policy for Requirements of Federal Grants, State Grants and State Aid. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**10) ACKNOWLEDGMENTS:**

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

Respectfully submitted,

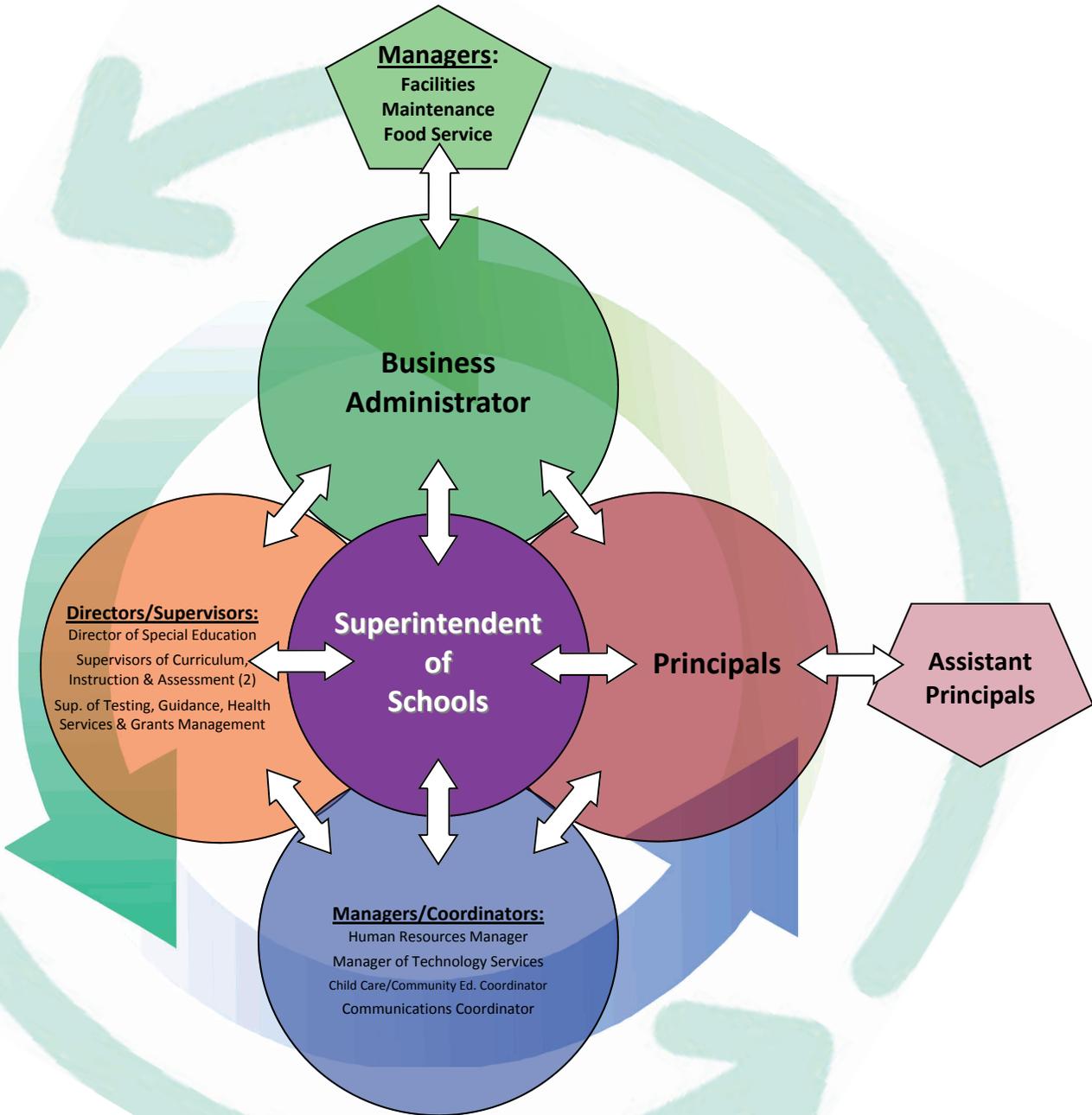


Annette C. Giaquinto, Ed.D  
Superintendent of Schools



Chandra D. Anaya  
School Business Administrator/Board Secretary

# Organizational Chart



**GALLOWAY TOWNSHIP PUBLIC SCHOOLS  
MEMBERS OF THE BOARD OF EDUCATION AND  
ADMINISTRATIVE STAFF  
AS OF JUNE 30, 2015**

**SCHOOL BOARD MEMBERS**

**TERM EXPIRES**

Ernest D. Huggard, President	2017
Suzette M. Cordero, Vice-President	2016
Madeline Avery	2015
David Carmen	2015
Richard Dase	2015
Beverly R. Evensen	2016
Robert Iannacone	2016
John W. Knorr	2017
Michael Greb	2017

**ADMINISTRATIVE STAFF**

Annette C. Giaquinto, Ed.D Superintendent of Schools  
Timothy E. Kelley, Board Secretary, School Business Administrator

**PRINCIPALS**  
**ELEMENTARY SCHOOLS**

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

**MIDDLE SCHOOL**

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

**Audit Firm**

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

**Attorney**

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

**Architect**

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

**Official Depository**

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

FINANCIAL SECTION

## **INDEPENDENT AUDITOR'S REPORT**

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

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Galloway School District, in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Galloway School District in the County of Atlantic, State of New Jersey, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

#### *Adoption of New Accounting Principles*

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2015, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

#### *Prior Period Restatement*

Because of the implementation of GASB Statements No. 68 and No. 71, net position as of June 30, 2014 on the statement of activities has been restated, as discussed in Note 20 to the financial statements. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

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

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2015 on our consideration of the Township of Galloway School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Galloway School District's internal control over financial reporting and compliance.

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*Daniel M. DiGangi*

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

Voorhees, New Jersey  
December 9, 2015

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Galloway School District, in the County of Atlantic, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 9, 2015. Our report on the financial statements included an emphasis of matter paragraph describing the restatement of the prior period financial statements resulting from the adoption of new accounting principles.

***Internal Control Over Financial Reporting***

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*Daniel M. DiGangi*

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

Voorhees, New Jersey  
December 9, 2015

REQUIRED SUPPLEMENTARY INFORMATION  
PART I

**GALLOWAY TOWNSHIP SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(Unaudited)

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The management's discussion and analysis of Galloway Township School District (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015 and 2014. The intent of the discussion and analysis is to look at the School District's financial performance and review the notes to the basic financial statements to enhance the understanding of the School District's financial performance. It is recommended that the discussion and analysis be read in conjunction with a transmittal letter at the front of this financial report.

## **FINANCIAL HIGHLIGHTS**

Financial Highlights for fiscal year 2015:

- During the fiscal year ended June 30, 2015 the School District was required to implement Governmental Accounting Standard Board (GASB) Statement No. 68 – *Accounting and Financial Reporting for Pensions*, see below discussion. In addition, the notes to the financial statements provide a more thorough discussion of the implementation of GASB 68 and the effects to the financial statements.
- The assets of the Galloway Township School District exceeded its liabilities at the close of the most recent fiscal year by \$21,076,693 (net position).
- The School District's total net position increased by \$1,311,272. This increase is primarily attributable to the Galloway Township School District's decrease in long-term liabilities.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$9,582,615, a decrease of \$319,759 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund had a deficit of \$676,986, which is a decrease of \$2,129,973 in comparison with the prior year.
- The Galloway Township School District's bonded debt decreased by \$1,549,000.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

**GALLOWAY TOWNSHIP SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(Unaudited) (Cont'd)

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**OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)**

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

**Government-Wide Statements**

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

The two government-wide statements report the School District's net position and how they have changed. Net position is the difference between the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources and is one way to measure the School District's financial health or position. An increase or decrease in the School District's net position is an indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall health or position of the School District, you need to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

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

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

**Fund Financial Statements**

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

The School District has three kinds of funds:

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

**GALLOWAY TOWNSHIP SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(Unaudited) (Cont'd)

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

Table 1 provides a summary of the School District's net position for fiscal years 2015 and 2014.

<b>TABLE 1</b>				
Net Position				
	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Change</u>	<u>% Change</u>
<b>Assets:</b>				
Current and Other Assets	\$ 10,269,034	\$ 10,423,680	\$ (154,646)	-1.48%
Capital Assets	32,581,096	32,390,149	190,947	0.59%
	<u>42,850,130</u>	<u>42,813,829</u>	<u>36,301</u>	<u>0.08%</u>
<b>Deferred Outflows of Resources:</b>				
Related to Pensions	2,434,060		2,434,060	100.00%
Deferred Loss on Refunding	59,126	118,252	(59,126)	-50.00%
	<u>2,493,186</u>	<u>118,252</u>	<u>2,374,934</u>	<u>2008.37%</u>
<b>Liabilities:</b>				
Long-Term Liabilities	22,214,684	6,563,857	15,650,826	238.44%
Other Liabilities	1,021,941	295,967	725,974	245.29%
	<u>23,236,625</u>	<u>6,859,825</u>	<u>16,376,800</u>	<u>238.73%</u>
Deferred Inflow of Resources - Related to Pensions	<u>1,029,998</u>	<u>-</u>	<u>1,029,998</u>	<u>100.00%</u>
<b>Net Position:</b>				
Net Investment in Capital Assets	29,592,343	27,841,740	1,750,603	6.29%
Restricted	10,110,684	8,373,926	1,736,758	20.74%
Unrestricted (Deficit)	(18,626,335)	(143,410)	(18,482,925)	12888.17%
	<u>21,076,693</u>	<u>36,072,256</u>	<u>(14,995,563)</u>	<u>-41.57%</u>
<b>Restatement to Record the School District's</b>				
<b>Net Pension Liability and Pension Related</b>				
Deferred Outflows of Resources per GASB 68	<u>-</u>	<u>(16,306,835)</u>	<u>16,306,835</u>	<u>-100.00%</u>
<b>Total Net Position</b>	<u>\$ 21,076,693</u>	<u>\$ 19,765,421</u>	<u>\$ 1,311,272</u>	<u>6.63%</u>

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

<b>TABLE 2</b>				
Statement of Net Position - Effect of Pension Related Items				
	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Change</u>	<u>% Change</u>
Deferred Outflows Related to Pensions	\$ 2,434,060		\$ 2,434,060	100.00%
Less: Net Pension Liability	(17,283,426)	\$ (16,306,835)	(976,591)	5.99%
Less: Deferred Inflows Related to Pensions	(1,029,998)		(1,029,998)	-100.00%
	<u>\$ (15,879,364)</u>	<u>\$ (16,306,835)</u>	<u>\$ 427,471</u>	<u>-2.62%</u>

**GALLOWAY TOWNSHIP SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(Unaudited) (Cont'd)

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

Table 3 reflects changes in net position for fiscal years 2015 and 2014.

**TABLE 3**  
Change in Net Position

<b>Revenues:</b>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Change</u>	<u>% Change</u>
Program Revenues:				
Charges for Services	\$ 1,557,638	\$ 1,235,437	\$ 322,201	26.08%
Operating Grants and Contributions	8,182,931	7,660,648	522,283	6.82%
General Revenues:				
Property Taxes	31,348,072	30,193,840	1,154,232	3.82%
Grants and Contributions not Restricted to Specific Programs	25,115,182	24,622,892	492,290	2.00%
Other	301,470	284,870	16,600	5.83%
<b>Total Revenues</b>	<u>66,505,293</u>	<u>63,997,687</u>	<u>2,507,607</u>	<u>3.92%</u>
<b>Expenses:</b>				
Instruction:				
Regular	16,460,050	15,960,197	499,853	3.13%
Special Education	8,545,879	8,668,154	(122,275)	-1.41%
Other Instruction	1,701,396	1,674,659	26,737	1.60%
Other Special Instruction	85,189	87,156	(1,967)	-2.26%
Tuition	1,600,168	1,540,952	59,216	3.84%
Student Services:				
Student and Instruction Related	5,471,561	5,172,731	298,830	5.78%
School Administrative Services	1,973,497	1,804,812	168,685	9.35%
Other Administrative Services	1,577,643	1,509,567	68,077	4.51%
Plant Operations and Maintenance	3,772,617	3,705,774	66,843	1.80%
Pupil Transportation	3,823,459	3,664,814	158,645	4.33%
Allocated and Unallocated Benefits	12,139,957	11,424,206	715,751	6.27%
Reimbursed TPAF Pension and Social Security	5,166,151	4,457,212	708,939	15.91%
Transfer to Charter Schools	739,010	732,959	6,051	0.83%
Interest on Long-Term Debt	217,409	4,443	212,967	4793.82%
Unallocated Depreciation	4,443	302,519	(298,077)	100.00%
Food Service	1,670,912	1,733,933	(63,022)	-3.63%
Childcare Program	190,066	243,732	(53,666)	-22.02%
Gifted and Talented Consortium	30,376	31,618	(1,242)	-3.93%
Community Education	24,237	33,256	(9,019)	-27.12%
<b>Total Expenses</b>	<u>65,194,021</u>	<u>62,752,695</u>	<u>2,441,326</u>	<u>3.89%</u>
<b>Increase (Decrease) in Net Position</b>	<u>1,311,272</u>	<u>1,244,992</u>	<u>66,280</u>	<u>0.05</u>
<b>Beginning Net Position</b>	<u>19,765,421</u>	<u>34,827,264</u>	<u>(15,061,843)</u>	<u>-43.25%</u>
<b>Ending Net Position, Prior to Restatement</b>	<u>21,076,693</u>	<u>36,072,256</u>	<u>(14,995,563)</u>	<u>-41.57%</u>
Restatement to Record the School District's Net Pension Liability and Pension Related Deferred Outflows of Resources per GASB 68	-	(16,306,835)	16,306,835	-100.00%
<b>Ending Net Position</b>	<u>\$ 21,076,693</u>	<u>\$ 19,765,421</u>	<u>\$ 1,311,272</u>	<u>6.63%</u>

**GALLOWAY TOWNSHIP SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(Unaudited) (Cont'd)

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

**Governmental Activities**

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

In 2013-2014, Governmental Activities Revenues were \$61,868,879 or 96.67% of total revenues.

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

In 2013-2014, General Revenues - Property Taxes of \$30,193,840 made up 47.18%, and General Revenues – Grants and Contributions not Restricted to Specific Programs of \$24,622,892 made up 38.47% of total revenues.

In 2014-2015, the School District's Governmental Activities expenditures increased by \$2,568,275 or 4.23%.

**Business-Type Activities**

In 2014-2015 Business-Type Activities Revenues were \$2,113,647 or 3.18% of total revenues. In 2013-14 Business-Type Activities Revenues were \$2,128,807 or 3.33% of total revenues.

Charges for Services for Business-Type Activities were \$1,008,659 in 2014-2015 compared to \$993,386 in 2013-2014, a 1.54% increase.

Expenses for Business-Type Activities were \$1,915,560 in 2014-2015 compared to \$2,042,538 in 2013-2014, a 5.34% decrease.

**General Fund Budgeting Highlights**

The final budgetary basis revenue estimate was \$54,317,266, which was equal to the original budget.

The 2014-2015 General Fund Tax Levy was \$30,454,298, an increase of \$1,199,288 or 4.1% from the 2013-2014 General Fund Tax Levy of \$29,255,010.

During fiscal year 2015, the School District budgeted \$30,454,298 for property taxes (local tax levy) and \$23,639,348 for state aid revenues.

The School District also received \$1,827,416 and \$3,338,735 reimbursed T.P.A.F. Social Security Aid and On-behalf T.P.A.F. Medical and Pension Contributions, respectively. The Galloway Township School District's expenditures also include the reimbursed TPAF Social Security Aid and On-behalf T.P.A.F. Pension and Medical Contributions of \$1,827,416 and \$3,338,735, respectively, which contributes to an unfavorable expenditure variance for the fiscal year.

The final budgetary basis expenditure appropriation estimate was \$59,697,434, which was equal to the original budget.

**GALLOWAY TOWNSHIP SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(Unaudited) (Cont'd)

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

**Financial Analysis of the Government's Funds**

**Governmental Funds** - As of the end of the current fiscal year, the School District's governmental funds reported combining ending fund balances of \$9,582,615, a decrease of \$319,759 in comparison with the prior year.

Of the combined ending fund balances of \$9,582,615, \$659,983 constitutes unassigned fund balance deficits. The remainder of fund balance of \$10,242,598 is restricted or assigned for various purposes.

**Proprietary Funds** - As of the end of the current fiscal year, the School District's proprietary fund had \$367,731 in unrestricted net position.

**CAPITAL ASSETS**

The Galloway Township School District's investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounts to \$32,581,096 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, and equipment. There was a net increase in the Galloway Township School District's investment in capital assets for the current fiscal year of 0.59%. The net increase was the result of depreciation. Table 4 reflects the capital assets.

**TABLE 4**  
Capital Assets

Capital Assets (Net of Depreciation):	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Land	\$ 3,471,769	\$ 3,471,769
Land Improvements	359,680	390,195
Building and Improvements	28,419,856	28,010,816
Furniture, Fixtures and Equipment	<u>329,790</u>	<u>517,369</u>
 Total Capital Assets	 <u>\$ 32,581,096</u>	 <u>\$ 32,390,149</u>

Depreciation expense was \$2,266,422 for fiscal year ended 2015 and \$2,001,967 for fiscal year ended 2014.

**DEBT ADMINISTRATION**

**Long-term Debt** - At the end of the current fiscal year, the Galloway Township School District had total bonded debt outstanding of \$2,906,000. The entire Galloway Township School District's bonded debt is governmental as opposed to business-type. The 2016 adopted budget has an appropriation of \$1,554,000 representing the payment of the annual principal. The 2005 and 2009 refunding bonds will mature on February 1, 2016 and March 1, 2024, respectively.

**GALLOWAY TOWNSHIP SCHOOL DISTRICT**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(Unaudited) (Cont'd)

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**FACTORS ON THE DISTRICT'S FUTURE**

For the 2014-15 school year, the Galloway Township School District was able to sustain its budget through the township tax levy, federal aid, state aid and miscellaneous revenue sources. 47.14% of total revenue is from local tax levy and 37.76% percent of the Galloway Township School District's revenue is from federal and state aid (restricted and not restricted).

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

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

## BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
Statement of Net Position  
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 8,048,450.29	\$ 568,555.42	\$ 8,617,005.71
Receivables, net	1,370,135.23	93,505.80	1,463,641.03
Restricted Cash and Cash Equivalents	169,000.49		169,000.49
Inventory (Note 5)		19,386.90	19,386.90
Capital Assets, net (Note 6)	<u>32,493,384.14</u>	<u>87,711.45</u>	<u>32,581,095.59</u>
<b>Total Assets</b>	<u>42,080,970.15</u>	<u>769,159.57</u>	<u>42,850,129.72</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to Pensions	2,434,060.00		2,434,060.00
Deferred Loss on Refunding	<u>59,125.98</u>		<u>59,125.98</u>
<b>Total Deferred Outflows</b>	<u>2,493,185.98</u>	<u>-</u>	<u>2,493,185.98</u>
<b>LIABILITIES:</b>			
Accounts Payable	879,823.37	5,676.07	885,499.44
Internal Balances	(185,325.48)	185,325.48	
Payable to Other Governments	66,086.00		66,086.00
Accrued Interest	48,285.52		48,285.52
Unearned Revenue	6,484.21	15,585.88	22,070.09
Noncurrent Liabilities (Note 7):			
Due within One Year	2,067,725.39	26,782.51	2,094,507.90
Due beyond One Year	<u>20,039,828.12</u>	<u>80,347.54</u>	<u>20,120,175.66</u>
<b>Total Liabilities</b>	<u>22,922,907.13</u>	<u>313,717.48</u>	<u>23,236,624.61</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to Pensions	<u>1,029,998.00</u>	<u>-</u>	<u>1,029,998.00</u>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	29,504,631.91	87,711.45	29,592,343.36
Restricted for:			
Debt Service	121,834.66		121,834.66
Capital Projects	206,521.68		206,521.68
Other Purposes	9,782,327.97		9,782,327.97
Unrestricted (Deficit)	<u>(18,994,065.22)</u>	<u>367,730.64</u>	<u>(18,626,334.58)</u>
<b>Total Net Position</b>	<u>\$ 20,621,251.00</u>	<u>\$ 455,442.09</u>	<u>\$ 21,076,693.09</u>

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

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2015

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>						
Instruction:						
Regular	\$ 16,460,049.90			\$ (16,460,049.90)		\$ (16,460,049.90)
Special Education	8,545,879.18			(6,334,038.99)		(6,334,038.99)
Other Special Instruction	1,701,396.20	\$ 1,662,860.72		(1,701,396.20)		(1,701,396.20)
Other Instruction	85,188.77			(85,188.77)		(85,188.77)
Tuition	1,600,168.02			(1,600,168.02)		(1,600,168.02)
Support Services:						
Student and Instruction Related Services	5,471,561.47	231,288.66		(5,240,292.81)		(5,240,292.81)
School Administrative Services	1,973,497.26			(1,973,497.26)		(1,973,497.26)
General and Business Administrative Services	1,577,643.46			(1,577,643.46)		(1,577,643.46)
Plant Operations and Maintenance	3,772,617.40			(3,772,617.40)		(3,772,617.40)
Pupil Transportation	3,823,458.95			(3,823,458.95)		(3,823,458.95)
Unallocated Benefits	12,139,957.29	35,102.54		(12,104,854.75)		(12,104,854.75)
Reimbursed TPAF and Social Security	5,166,151.40	5,166,151.40				
Transfer to Charter School	739,010.00			(739,010.00)		(739,010.00)
Interest on Long-Term Debt	217,409.41	73,025.37		(144,384.04)		(144,384.04)
Unallocated Depreciation	4,442.53			(4,442.53)		(4,442.53)
<b>Total Governmental Activities</b>	<b>63,278,431.24</b>	<b>7,168,408.69</b>	<b>-</b>	<b>(55,561,043.08)</b>	<b>-</b>	<b>(55,561,043.08)</b>
<b>Business-Type Activities:</b>						
Food Service	1,670,911.59	1,014,522.51			\$ (105,924.88)	(105,924.88)
Childcare Program	190,065.80	384,120.24			204,054.44	204,054.44
Gifted and Talented Consortium	30,375.65	36,210.00			5,834.35	5,834.35
Community Education	24,236.77	27,864.10			3,627.33	3,627.33
<b>Total Business-Type Activities</b>	<b>1,915,589.81</b>	<b>1,014,522.51</b>	<b>-</b>	<b>-</b>	<b>107,591.24</b>	<b>107,591.24</b>
<b>Total Primary Government</b>	<b>\$ 65,194,021.05</b>	<b>\$ 8,182,931.20</b>	<b>-</b>	<b>(55,561,043.08)</b>	<b>107,591.24</b>	<b>(55,453,451.84)</b>
<b>General Revenues:</b>						
Taxes:						
Property Taxes, Levied for General Purposes, net				30,454,298.00		30,454,298.00
Taxes Levied for Debt Service				893,774.00		893,774.00
Federal and State Aid not Restricted				24,244,760.55		24,244,760.55
Federal and State Aid Restricted				870,421.58		870,421.58
Miscellaneous Income				302,466.90	650.49	303,117.39
Transfers and Cancellations				(91,462.97)	89,815.38	(1,647.59)
<b>Total General Revenues, Special Items, Extraordinary Items and Transfers</b>				<b>56,674,258.06</b>	<b>90,465.87</b>	<b>56,764,723.93</b>
<b>Change in Net Position</b>				<b>1,113,214.98</b>	<b>198,057.11</b>	<b>1,311,272.09</b>
<b>Net Position -- July 1 (Restated)</b>				<b>19,508,036.02</b>	<b>257,384.98</b>	<b>19,765,421.00</b>
<b>Net Position -- June 30</b>				<b>\$ 20,621,251.00</b>	<b>\$ 455,442.09</b>	<b>\$ 21,076,693.09</b>

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

FUND FINANCIAL STATEMENTS

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
Balance Sheet  
Governmental Funds  
June 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 8,048,450.29			\$ 169,000.49	\$ 8,217,450.78
Receivables, net:					
Interfunds Receivable:					
Food Service Fund	175,110.36				175,110.36
Community Education Fund	5,705.19				5,705.19
Child Care	10,186.00				10,186.00
Special Revenue Fund	131,941.46				131,941.46
Capital Projects Fund	27,660.32				27,660.32
Receivables from Other Governments:					
State of NJ -- FICA	92,909.24				92,909.24
State of NJ -- Extraordinary Aid	404,521.00				404,521.00
State of NJ -- Non-Public Transportation	42,282.00				42,282.00
State of NJ -- Homeless Aid	42,860.00				42,860.00
State of NJ -- SDA Grant			\$ 234,182.00		234,182.00
Federal Grants		\$ 225,707.15			225,707.15
Other Receivables	327,673.84				327,673.84
<b>Total Assets</b>	<b>\$ 9,309,299.70</b>	<b>\$ 225,707.15</b>	<b>\$ 234,182.00</b>	<b>\$ 169,000.49</b>	<b>\$ 9,938,189.34</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 113,533.89	\$ 4,192.48			\$ 117,726.37
Interfunds Payable:					
Payroll Agency Fund	5,676.07				5,676.07
General Fund		131,941.46	\$ 27,660.32		159,601.78
Payable to State Government		66,086.00			66,086.00
Unearned Revenue		6,484.21			6,484.21
<b>Total Liabilities</b>	<b>119,209.96</b>	<b>208,704.15</b>	<b>27,660.32</b>	<b>-</b>	<b>355,574.43</b>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Capital Reserve Account	1,860,664.68				1,860,664.68
Capital Reserve Account - Designated for					
Subsequent Year's Expenditures	892,255.00				892,255.00
Maintenance Reserve	1,556,619.98				1,556,619.98
Emergency Reserve	315,160.53				315,160.53
Excess Surplus	2,198,744.46				2,198,744.46
Excess Surplus -- Designated for					
Subsequent Year's Expenditures	2,528,068.61				2,528,068.61
Capital Projects - Designated for Subsequent					
Year's Expenditures			206,521.68		206,521.68
Debt Service				\$ 0.49	0.49
Debt Service -- Designated for					
Subsequent Year's Expenditures				169,000.00	169,000.00
<b>Assigned:</b>					
Other Purposes	84,748.11				84,748.11
Subsequent Year's Expenditures	371,144.39				371,144.39
Subsequent Year's Expenditures -- SEMI ARRA	59,670.32				59,670.32
Unassigned	(676,986.34)	17,003.00			(659,983.34)
<b>Total Fund Balances</b>	<b>9,190,089.74</b>	<b>17,003.00</b>	<b>206,521.68</b>	<b>169,000.49</b>	<b>9,582,614.91</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,309,299.70</b>	<b>\$ 225,707.15</b>	<b>\$ 234,182.00</b>	<b>\$ 169,000.49</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$62,178,326.27 and the accumulated depreciation is \$29,684,942.13.	32,493,384.14
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.	(4,824,127.51)
Deferred loss on refundings are not financial resources and therefore are not reported in the funds.	59,125.98
Accrued interest on bonds payable and capital leases is not due and payable in the current period and therefore are not reported as liabilities in the funds.	(48,285.52)
Net Pension Liability	(17,283,426.00)
Accounts Payable related to the April 1, 2016 Required PERS pension contribution that is not to be liquidated with current financial resources.	(762,097.00)
Deferred Outflows of Resources - Related to Pensions	2,434,060.00
Deferred Inflows of Resources - Related to Pensions	(1,029,998.00)

Net position of governmental activities \$ 20,621,251.00

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

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local Tax Levy	\$ 30,454,298.00			\$ 893,774.00	\$ 31,348,072.00
Tuition Charges	548,979.47				548,979.47
Miscellaneous	302,466.90	\$ 19,338.13			321,805.03
State Sources	29,297,489.40	341,523.31	\$ 234,182.00	674,340.00	30,547,534.71
Federal Sources	113,422.55	1,603,295.43			1,716,717.98
<b>Total Revenues</b>	<u>60,716,656.32</u>	<u>1,964,156.87</u>	<u>234,182.00</u>	<u>1,568,114.00</u>	<u>64,483,109.19</u>
<b>EXPENDITURES:</b>					
Regular Instruction	15,169,722.05				15,169,722.05
Special Education Instruction	6,213,094.25	1,662,860.72			7,875,954.97
Other Special Instruction	1,701,396.20				1,701,396.20
Other Instruction	85,188.77				85,188.77
Tuition	1,600,168.02				1,600,168.02
Support Services and Undistributed Costs:					
Student and Instruction Related Services	5,232,469.56	231,268.66			5,463,738.22
School Administrative Services	1,895,569.37				1,895,569.37
Other Administrative Services	1,557,776.35				1,557,776.35
Plant Operations and Maintenance	3,606,700.96				3,606,700.96
Pupil Transportation	3,823,458.95				3,823,458.95
Unallocated Benefits	11,770,228.75	35,102.54			11,805,331.29
Reimbursed TPAF Pension and Social Security	5,166,151.40				5,166,151.40
Transfer to Charter School	739,010.00				739,010.00
Debt Service:					
Principal				1,549,000.00	1,549,000.00
Interest and Other Charges				188,115.00	188,115.00
Capital Outlay	77,888.00	7,691.95	2,398,544.00		2,484,123.95
<b>Total Expenditures</b>	<u>58,638,822.63</u>	<u>1,936,923.87</u>	<u>2,398,544.00</u>	<u>1,737,115.00</u>	<u>64,711,405.50</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,077,833.69</u>	<u>27,233.00</u>	<u>(2,164,362.00)</u>	<u>(169,001.00)</u>	<u>(228,296.31)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfer from Capital Projects Fund			(169,000.00)	169,000.00	
Operating Transfer -- Capital Reserve	40,352.95		(40,352.95)		
Operating Transfer -- Capital Reserve to Capital Projects Fund	(2,164,362.00)		2,164,362.00		
Operating Transfer Out to Food Service Fund -- Transfer to Cover Deficit	(89,815.38)				(89,815.38)
Cancellation of Grant Balances	(1,647.59)				(1,647.59)
<b>Total Other Financing Sources and Uses</b>	<u>(2,215,472.02)</u>	<u>-</u>	<u>1,955,009.05</u>	<u>169,000.00</u>	<u>(91,462.97)</u>
Net Change in Fund Balances	<u>(137,638.33)</u>	<u>27,233.00</u>	<u>(209,352.95)</u>	<u>(1.00)</u>	<u>(319,759.28)</u>
Fund Balance (Deficit)-- July 1	<u>9,327,728.07</u>	<u>(10,230.00)</u>	<u>415,874.63</u>	<u>169,001.49</u>	<u>9,902,374.19</u>
Fund Balance (Deficit) -- June 30	<u>\$ 9,190,089.74</u>	<u>\$ 17,003.00</u>	<u>\$ 206,521.68</u>	<u>\$ 169,000.49</u>	<u>\$ 9,582,614.91</u>

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

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2015

Total Net Change in Fund Balances - Governmental Funds	\$	(319,759.28)
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>		
<p>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.</p>		
Depreciation Expense	\$	(2,249,489.67)
Debt Service Assessment Charged to Capital Outlay		(44,186.00)
Capital Outlays		<u>2,484,123.95</u>
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		190,448.28
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		1,549,000.00
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		20,634.49
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest adjustment is an addition in the reconciliation. (+)		24,869.47
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the difference in the treatment of the long-term debt related items.		
Amortization of Loss on Refunding Bonds		(59,125.98)
Amortization of Bond Premiums		49,148.10
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		(7,374.10)
Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period.		<u>(334,626.00)</u>
Change in Net Position of Governmental Activities		<u>\$ 1,113,214.98</u>

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

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
Combining Statement of Net Position  
Proprietary Fund  
June 30, 2015

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Gifted and Talented Consortium</u>	<u>Community Education</u>	<u>Total</u>
<b>ASSETS:</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 104,579.82	\$ 328,169.90	\$ 66,973.35	\$ 68,832.35	\$ 568,555.42
Accounts Receivable:					
Federal	67,467.20				67,467.20
State	1,208.48				1,208.48
Other	17,872.44	1,425.51			19,297.95
Interfund Accounts Receivable:					
Due Agency Fund -- Payroll		5,532.17			5,532.17
Due Gifted and Talented Consortium		333.54			333.54
Due Community Education		3,929.92			3,929.92
Inventories	19,386.90				19,386.90
<b>Total Current Assets</b>	<b>210,514.84</b>	<b>339,391.04</b>	<b>66,973.35</b>	<b>68,832.35</b>	<b>685,711.58</b>
<b>Noncurrent Assets:</b>					
Furniture, Machinery and Equipment	592,796.82				592,796.82
Less Accumulated Depreciation	(505,085.37)				(505,085.37)
<b>Total Noncurrent Assets</b>	<b>87,711.45</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87,711.45</b>
<b>Total Assets</b>	<b>298,226.29</b>	<b>339,391.04</b>	<b>66,973.35</b>	<b>68,832.35</b>	<b>773,423.03</b>
<b>LIABILITIES:</b>					
<b>Current Liabilities:</b>					
Interfund Accounts Payable:					
Due General Fund	175,110.36	10,186.00		5,705.19	191,001.55
Due Childcare Fund			333.54	3,929.92	4,263.46
Compensated Absences	26,782.51				26,782.51
Unearned Revenue	15,585.88				15,585.88
	217,478.75	10,186.00	333.54	9,635.11	237,633.40
<b>Noncurrent Liabilities:</b>					
Compensated Absences	80,347.54				80,347.54
<b>Total Liabilities</b>	<b>297,826.29</b>	<b>10,186.00</b>	<b>333.54</b>	<b>9,635.11</b>	<b>317,980.94</b>
<b>NET POSITION:</b>					
Net Investment in Capital Assets	87,711.45				87,711.45
Unrestricted	(87,311.45)	329,205.04	66,639.81	59,197.24	367,730.64
<b>Total Net Position</b>	<b>\$ 400.00</b>	<b>\$ 329,205.04</b>	<b>\$ 66,639.81</b>	<b>\$ 59,197.24</b>	<b>\$ 455,442.09</b>

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

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
 Proprietary Fund  
 For the Fiscal Year Ended June 30, 2015

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Gifted and Talented Consortium</u>	<u>Community Education</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>					
Charges for Services:					
Daily Sales - Reimbursable Programs:					
School Lunch Program	\$ 337,992.79				\$ 337,992.79
School Breakfast Program	26,801.65				26,801.65
Daily Sales - Non-Reimbursable Programs	175,777.65				175,777.65
Special Functions	9,892.11				9,892.11
Community Service Activities		\$ 394,120.24	\$ 36,210.00	\$ 27,864.10	458,194.34
<b>Total Operating Revenues</b>	<b>550,464.20</b>	<b>394,120.24</b>	<b>36,210.00</b>	<b>27,864.10</b>	<b>1,008,658.54</b>
<b>OPERATING EXPENSES:</b>					
Salaries	727,258.74	170,403.66	26,848.75	18,351.14	942,862.29
Employee Benefits	259,210.21	12,319.84	2,387.47	1,403.86	275,321.38
Purchased Property Services	34,936.07				34,936.07
General Supplies	44,400.72	6,281.87	1,139.43	2,193.77	54,015.79
Depreciation	16,932.55				16,932.55
Cost of Sales	586,035.79				586,035.79
Miscellaneous	2,137.51	1,060.43		2,288.00	5,485.94
<b>Total Operating Expenses</b>	<b>1,670,911.59</b>	<b>190,065.80</b>	<b>30,375.65</b>	<b>24,236.77</b>	<b>1,915,589.81</b>
<b>Operating Income / (Loss)</b>	<b>(1,120,447.39)</b>	<b>204,054.44</b>	<b>5,834.35</b>	<b>3,627.33</b>	<b>(906,931.27)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
State Sources:					
State School Lunch Program	16,986.94				16,986.94
Federal Sources:					
National School Lunch Program	740,146.30				740,146.30
National School Breakfast Program	174,311.86				174,311.86
After School Snack Program	16,478.72				16,478.72
Food Distribution Program	46,612.93				46,612.93
HHFKA	19,985.76				19,985.76
Board Contribution	89,815.38				89,815.38
Interest Revenue	143.41	325.84	104.53	76.71	650.49
<b>Total Nonoperating Revenues (Expenses)</b>	<b>1,104,481.30</b>	<b>325.84</b>	<b>104.53</b>	<b>76.71</b>	<b>1,104,988.38</b>
<b>Change in Net Position</b>	<b>(15,966.09)</b>	<b>204,380.28</b>	<b>5,938.88</b>	<b>3,704.04</b>	<b>198,057.11</b>
<b>Net Position -- July 1</b>	<b>16,366.09</b>	<b>124,824.76</b>	<b>60,700.93</b>	<b>55,493.20</b>	<b>257,384.98</b>
<b>Net Position -- June 30</b>	<b>\$ 400.00</b>	<b>\$ 329,205.04</b>	<b>\$ 66,639.81</b>	<b>\$ 59,197.24</b>	<b>\$ 455,442.09</b>

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

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
Combining Statement of Cash Flows  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2015

	Food Service	Child Care Program	Gifted and Talented Consortium	Community Education	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from Customers	\$ 544,822.43	\$ 393,895.73	\$ 36,210.00	\$ 27,864.10	\$ 1,002,792.26
Payments to Employees	(748,450.18)	(170,403.66)	(26,848.75)	(18,351.14)	(964,053.73)
Payments for Employee Benefits	(259,210.21)	(12,319.84)	(2,387.47)	(1,403.86)	(275,321.38)
Payments to Suppliers	(666,909.64)	(7,342.30)	(1,139.43)	(4,481.77)	(679,873.14)
Net Cash Provided by (used for) Operating Activities	<u>(1,129,747.60)</u>	<u>203,829.93</u>	<u>5,834.35</u>	<u>3,627.33</u>	<u>(916,455.99)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>					
State Sources	18,343.16				18,343.16
Federal Sources	1,015,073.94				1,015,073.94
Operating Subsidies and Transfers to Other Funds	126,180.63	4,454.18	333.54		130,968.35
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>1,159,597.73</u>	<u>4,454.18</u>	<u>333.54</u>	<u>-</u>	<u>1,164,385.45</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Purchases of Capital Assets	(17,430.92)	-	-	-	(17,430.92)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest Revenue	143.41	325.84	104.53	76.71	650.49
Net Increase (Decrease) in Cash and Cash Equivalents	12,562.62	208,609.95	6,272.42	3,704.04	231,149.03
Cash and Cash Equivalents -- July 1	92,017.20	119,559.95	60,700.93	65,128.31	337,406.39
Cash and Equivalents -- June 30	<u>\$ 104,579.82</u>	<u>\$ 328,169.90</u>	<u>\$ 66,973.35</u>	<u>\$ 68,832.35</u>	<u>\$ 568,555.42</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	\$ (1,120,447.39)	\$ 204,054.44	\$ 5,834.35	\$ 3,627.33	\$ (906,931.27)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:</b>					
Depreciation and Net Amortization	16,932.55				16,932.55
(Increase) Decrease in Accounts Receivable, net	(4,998.52)	(224.51)			(5,223.03)
(Increase) Decrease in Inventories	600.45				600.45
Increase (Decrease) in Unearned Revenue	(643.25)				(643.25)
Increase (Decrease) in Accrued Salaries Benefits	(21,191.44)				(21,191.44)
Total Adjustments	<u>(9,300.21)</u>	<u>(224.51)</u>	<u>-</u>	<u>-</u>	<u>(9,524.72)</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (1,129,747.60)</u>	<u>\$ 203,829.93</u>	<u>\$ 5,834.35</u>	<u>\$ 3,627.33</u>	<u>\$ (916,455.99)</u>

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

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015

	Trust Funds	Agency Funds		
	Unemployment Compensation Trust	Student Activity	Payroll	Total
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 84,328.04	\$ 81,418.34	\$ 339,851.58	\$ 505,597.96
Interfund Accounts Receivable:				
Due General Fund			5,676.07	5,676.07
Due Payroll Fund	53,763.58			53,763.58
<b>Total Assets</b>	<u>138,091.62</u>	<u>\$ 81,418.34</u>	<u>\$ 345,527.65</u>	<u>565,037.61</u>
<b>LIABILITIES:</b>				
Payable to Student Groups		\$ 81,418.34		81,418.34
Accounts Payable	7,431.05			7,431.05
Interfund Accounts Payable:				
Due Childcare Fund			\$ 5,532.17	5,532.17
Due Unemployment Trust Fund			53,763.58	53,763.58
Payroll Deductions and Withholdings			286,231.90	286,231.90
<b>Total Liabilities</b>	<u>7,431.05</u>	<u>\$ 81,418.34</u>	<u>\$ 345,527.65</u>	<u>434,377.04</u>
<b>NET POSITION:</b>				
Held in Trust for Unemployment Claims	<u>130,660.57</u>			<u>130,660.57</u>
<b>Total Net Position</b>	<u>\$ 130,660.57</u>			<u>\$ 130,660.57</u>

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

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2015

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	Unemployment Compensation <u>Trust</u>
ADDITIONS:	
Payroll Deductions Withheld	\$ 53,763.58
Investment Earnings:	
Interest	<u>83.61</u>
Total Additions	<u>53,847.19</u>
DEDUCTIONS:	
Unemployment Claims	<u>72,539.87</u>
Change in Net Position	(18,692.68)
Net Position -- July 1	<u>149,353.25</u>
Net Position -- June 30	<u><u>\$ 130,660.57</u></u>

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

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2015

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

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

**Description of the Financial Reporting Entity**

The School District is a Type II district located in the County of Atlantic, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades Pre K through eight at its six schools. The School District has an approximate enrollment at June 30, 2015 of 3,282.

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

**Component Units**

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

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

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

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

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

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

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

**Government-wide and Fund Financial Statements**

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

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

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

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes are recognized as revenues in the year for which they are levied. The Atlantic County Board of Taxation is responsible for the assessment of properties, and the respective municipal tax collector is responsible for the collection of property taxes. Assessments are certified and property taxes are levied on January 1. Property tax payments are due February 1, May 1, August 1 and November 1. Unpaid property taxes are considered delinquent the following January 1 and are then subject to municipal lien. In accordance with New Jersey State Statute, the School District is entitled to receive moneys under an established payment schedule, and any unpaid amount is considered as an accounts receivable. The governing body of each municipality is required to pay over to the School District, within forty (40) days after the beginning of the school year, twenty percent (20%) of the moneys from school tax due. Thereafter, but prior to the last day of the school year, the municipality must pay the balance of moneys from school tax due for school purposes in such amounts as requested, with certain limitations, from time to time by the School District, within thirty days after each request.

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

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

The School District reports the following major governmental funds:

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

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

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

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

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

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

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

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

The School District reports the following major proprietary funds:

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

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

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

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

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

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

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

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

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

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

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

**Budgets / Budgetary Control**

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

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

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

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

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

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

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

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

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

**Cash, Cash Equivalents and Investments**

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

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

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

**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.

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

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

**Prepaid Expenses**

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

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

**Short-Term Interfund Receivables / Payables**

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

**Capital Assets**

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

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

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

The School District does not possess any infrastructure assets.

**Deferred Outflows and Deferred Inflows of Resources**

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

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

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

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

**Deferred Loss on Refunding of Debt** – Deferred loss on refunding arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense.

**Tuition Payable**

Tuition charges for the fiscal years ended June 30, 2015 and 2014 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**Unearned Revenue**

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

**Accrued Salaries and Wages**

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2015, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

**Compensated Absences**

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****Accrued Liabilities and Long-Term Obligations**

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

**Pensions**

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

**Bond Discounts / Premiums**

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

**Net Position**

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

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

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

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

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

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****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. This 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 expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

**Interfund Activity**

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

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

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

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

For the fiscal year ended June 30, 2015, the School District adopted GASB 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. As a result of adopting such Statements, the School District was required to measure and recognize liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their defined benefit pensions. The cumulative effect of adopting GASB Statements No. 68 and No. 71 totaled \$16,306,835.00, and was recognized as a restatement of the School District's June 30, 2014 net position on the statement of activities (see Note 20).

**Recently Issued Accounting Pronouncements**

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Statement will become effective for the School District in fiscal year 2016. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The Statement will become effective for the School District in fiscal year 2016. Management does not expect this Statement will have an impact on the financial statements.

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

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

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

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The Statement will become effective for the School District in fiscal year 2016. Management does not expect this Statement will have an impact on the financial statements.

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

**Note 2: CASH AND CASH EQUIVALENTS**

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

As of June 30, 2015, the School District's bank balances of \$9,890,951.51 were exposed to custodial credit risk as follows:

Insured	\$ 935,570.73
Uninsured but collateralized with securities held by the pledging bank's trust department but not in the School District's name	8,673,964.01
Uninsured and uncollateralized	281,416.77
	\$ 9,890,951.51

**Note 3: CAPITAL RESERVE ACCOUNT**

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

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

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, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014		\$ 3,424,361.97
Increased by:		
Budgeted Increase in Capital Reserve	\$ 450,000.00	
Transfer per June 22, 2015 Resolution	1,000,000.00	
Transfer from Capital Projects Fund	40,352.95	
Interest Earnings	<u>2,566.76</u>	
		<u>1,492,919.71</u>
		4,917,281.68
Decreased by:		
Withdrawals		<u>2,164,362.00</u>
Ending Balance, June 30, 2015		<u>\$ 2,752,919.68</u>

As of June 30, 2015, the balance in the capital reserve account is \$2,752,919.68. Of this amount, \$892,255.00 has been appropriated as an item of revenue in the fiscal 2015-16 Budget. The June 30, 2015 LRFP balance of local support costs of uncompleted projects at June 30, 2015 is \$3,099,429.46. The withdrawals from the capital reserve were for use in a Department of Education approved facilities projects, consistent with the School District's LRFP.

**Note 4: ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2015 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:

Description	Governmental Funds			Proprietary Funds			Total	
	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Activities	Food Service Fund	Child Care Fund		Total Business-Type Activities
Federal Awards		\$ 225,707.15		\$ 225,707.15	\$ 67,467.20		\$ 67,467.20	\$ 293,174.35
State Awards	\$ 582,572.24		\$234,182.00	816,754.24	1,208.48		1,208.48	817,962.72
Other	327,673.84			327,673.84	17,872.44	\$ 1,425.51	19,297.95	346,971.79
	<u>\$ 910,246.08</u>	<u>\$ 225,707.15</u>	<u>\$234,182.00</u>	<u>\$1,370,135.23</u>	<u>\$ 86,548.12</u>	<u>\$ 1,425.51</u>	<u>\$ 87,973.63</u>	<u>\$ 1,458,108.86</u>

**Note 5: INVENTORY**

Inventory recorded at June 30, 2015 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$ 13,415.36
Supplies	<u>5,971.54</u>
	<u>\$ 19,386.90</u>

**Note 6: CAPITAL ASSETS**

Capital asset activity for governmental activities for the fiscal year ended June 30, 2015 is as follows:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2015</u>
<b>Governmental Activities:</b>				
Capital Assets, not being Depreciated:				
Land	\$ 3,471,768.96	-	-	\$ 3,471,768.96
Capital Assets, being Depreciated:				
Furniture, Fixtures and Equipment	1,398,251.82	\$ 33,702.00		1,431,953.82
Buildings and Improvements	54,385,965.55	2,406,235.95		56,792,201.50
Land Improvements	482,401.99			482,401.99
Total Capital Assets, being Depreciated	56,266,619.36	2,439,937.95	-	58,706,557.31
Total Capital Assets, Cost	59,738,388.32	2,439,937.95	-	62,178,326.27
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(968,096.28)	(221,778.61)		(1,189,874.89)
Buildings and Improvements	(26,375,149.45)	(1,997,196.03)		(28,372,345.48)
Land Improvements	(92,206.73)	(30,515.03)		(122,721.76)
Total Accumulated Depreciation	(27,435,452.46)	(2,249,489.67)	-	(29,684,942.13)
Total Capital Assets, being Depreciated, Net	28,831,166.90	190,448.28	-	29,021,615.18
Governmental Activities Capital Assets, Net	<u>\$ 32,302,935.86</u>	<u>\$ 190,448.28</u>	<u>-</u>	<u>\$ 32,493,384.14</u>

Capital asset activity for business-type activities for the fiscal year ended June 30, 2015 is as follows:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2015</u>
<b>Business-Type Activities:</b>				
Capital Assets, being Depreciated:				
Furniture, Fixtures and Equipment	\$ 577,415.90	\$ 17,430.92	\$ (2,050.00)	\$ 592,796.82
Less Accumulated Depreciation for:				
Furniture, Fixtures and Equipment	(490,202.82)	(16,932.55)	2,050.00	(505,085.37)
Business-Type Activities Capital Assets, Net	<u>\$ 87,213.08</u>	<u>\$ 498.37</u>	<u>-</u>	<u>\$ 87,711.45</u>

**Note 6: CAPITAL ASSETS (CONT'D)**

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

<b>Governmental Activities:</b>	
Instruction	\$ 1,952,877.96
Support Service Instructional Staff	7,823.25
General and Business Administrative Services	40,501.60
School Administration	77,927.89
Plant Operations and Maintenance	165,916.44
Unallocated	4,442.53
	<u>4,442.53</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,249,489.67</u>

**Note 7: LONG-TERM LIABILITIES**

During the fiscal year ended June 30, 2015, the following changes occurred in long-term obligations for governmental activities:

<b>Governmental Activities:</b>	<b>(Restated) Balance July 1, 2014</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2015</b>	<b>Due within One Year</b>
Bonds Payable:					
General Obligation Bonds	\$ 4,455,000.00		\$ (1,549,000.00)	\$ 2,906,000.00	\$ 1,554,000.00
Adjusted by:					
Bond Premiums	126,867.64		(49,148.10)	77,719.54	49,148.10
Total Bonds Payable	<u>4,581,867.64</u>	<u>-</u>	<u>(1,598,148.10)</u>	<u>2,983,719.54</u>	<u>1,603,148.10</u>
Other Liabilities:					
Net Pension Liability	16,306,835.00	\$ 976,591.00		17,283,426.00	
Obligations under Capital Lease	84,793.16		(20,634.49)	64,158.67	20,514.97
Compensated Absences	1,768,875.20	458,984.74	(451,610.64)	1,776,249.30	444,062.32
Total Other Liabilities	<u>18,160,503.36</u>	<u>1,435,575.74</u>	<u>(472,245.13)</u>	<u>19,123,833.97</u>	<u>464,577.29</u>
Governmental Activity Long-Term Liabilities	<u>\$22,742,371.00</u>	<u>\$ 1,435,575.74</u>	<u>\$ (2,070,393.23)</u>	<u>\$22,107,553.51</u>	<u>\$ 2,067,725.39</u>

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

During the fiscal year ended June 30, 2015, the following changes occurred in long-term obligations for business-type activities:

<b>Business-Type Activities:</b>	<b>Balance July 1, 2014</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2015</b>	<b>Due within One Year</b>
Other Liabilities:					
Compensated Absences	\$ 128,321.49	\$ 15,398.58	\$ (36,590.02)	\$ 107,130.05	\$ 26,782.51

Compensated absences are liquidated by the food service fund.

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

On January 15, 2005 the School District issued \$12,825,000.00 of Refunding Bonds at interest rates varying from 2.70% to 5.00% to advance refund all of the outstanding and callable School Bonds, Series 1998. The final maturity of these bonds is February 1, 2016. The bonds will be paid from state aid and property taxes.

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

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

Principal and interest due on bonds outstanding is as follows:

<b>Fiscal Year</b>			
<b><u>Ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2016	\$ 1,554,000.00	\$ 127,647.50	\$ 1,681,647.50
2017	169,000.00	64,220.00	233,220.00
2018	169,000.00	56,192.50	225,192.50
2019	169,000.00	48,165.00	217,165.00
2020	169,000.00	40,137.50	209,137.50
2021-2024	676,000.00	80,275.00	756,275.00
	<u>\$ 2,906,000.00</u>	<u>\$ 416,637.50</u>	<u>\$ 3,322,637.50</u>

**Bonds Authorized but not Issued** - As of June 30, 2015, the School District had no authorizations to issue additional bonded debt.

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

**Obligations under Capital Lease** - The School District is leasing copiers and computer equipment totaling \$123,421.78 under two capital leases. The capital leases are for terms of five years. Capital leases are depreciated in a manner consistent with the School District's depreciation policy for owned assets.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2015.

<b>Fiscal Year</b>			
<b><u>Ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2016	\$ 20,514.97	\$ 2,687.25	\$ 23,202.22
2017	21,374.23	1,827.99	23,202.22
2018	22,269.47	932.75	23,202.22
	<u>\$ 64,158.67</u>	<u>\$ 5,447.99</u>	<u>\$ 69,606.66</u>

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

**Note 8: OPERATING LEASES**

At June 30, 2015, the School District had operating lease agreements in effect for copy machines. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2016	\$ 109,768.56
2017	6,754.56
2018	6,754.56
2019	1,125.76
	<u>\$ 124,403.44</u>

Rental payments under operating leases for the fiscal year ended June 30, 2015 were \$232,853.04.

**Note 9: PENSION PLANS**

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

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

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

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

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

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

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

**Vesting and Benefit Provisions**

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

The following represents the membership tiers for TPAF:

**Tier Definition**

- 1 Members enrolled before July 1, 2007
- 2 Members eligible for enrollment on or after July 1, 2007 and before November 2, 2008
- 3 Members eligible for enrollment on or after November 2, 2008 and on or before May 21, 2010
- 4 Members eligible for enrollment after May 21, 2010 and before June 28, 2011
- 5 Members eligible for enrollment on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Public Employees' Retirement System** - The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 8 to 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

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

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

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

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

**Contributions**

**Teachers' Pension and Annuity Fund** - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount.

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

The School District's contractually required contribution rate for the fiscal year ended June 30, 2015 was 4.1% of the School District's covered-employee payroll, of which 0.00% of payroll was required from the School District and 100.00% of payroll was required from the State of New Jersey. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2015 because of the 100.00% special funding situation with the State of New Jersey.

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

**Public Employees' Retirement System** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The School Districts' contractually required contribution rate for the fiscal year ended June 30, 2015 was 12.68% of the School District's covered-employee payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were \$761,011.00 for the fiscal year ended June 30, 2015. Employee contributions were \$416,034.97 for the fiscal year ended June 30, 2015.

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

For the fiscal year ended June 30, 2015, employee contributions totaled \$41,568.43, and the School District recognized pension expense of \$31,474.84. There were no forfeitures during the fiscal year.

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

**Teachers' Pension and Annuity Fund** - At June 30, 2015, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the School District. The State's proportionate share of net pension liability, attributable to the School District is as follows:

School District's Proportionate Share of Net Pension Liability	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the School District	127,288,433.00
	<u>\$ 127,288,433.00</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2014.

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

**Teachers' Pension and Annuity Fund (Cont'd)** - The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined. At June 30, 2015, the School District proportion was 0.00% due to the 100% special funding situation of the State of New Jersey. For the fiscal year ended June 30, 2015, the School District recognized \$6,849,313.00 in revenue and expense, in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions.

**Public Employees' Retirement System** - At June 30, 2015, the School District reported a liability of \$17,283,426.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2014. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the School District's proportion was 0.0923125078%, which was an increase of 0.0069899561% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the School District recognized \$1,097,373.00, in the government-wide financial statements, for pension expense for PERS.

At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	543,484.00	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,029,998.00
Changes in Proportion and Differences Between School District Contributions and Proportionate Share of Contributions	1,128,479.00	-
School District Contributions Subsequent to the Measurement Date	762,097.00	-
	<b><u>\$ 2,434,060.00</u></b>	<b><u>\$ 1,029,998.00</u></b>

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

**Public Employees' Retirement System (Cont'd)** - \$762,097.00 reported as deferred outflows of resources related to pensions will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2016.

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

<b>Fiscal Year Ending June 30,</b>	<b>PERS</b>
2015	\$ (157,594.48)
2016	(157,594.48)
2017	(157,594.48)
2018	(157,594.48)
2019	99,905.09
Thereafter	<u>43,958.24</u>
	<u>\$ (486,514.60)</u>

**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<b><u>TPAF</u></b>	<b><u>PERS</u></b>
Inflation	2.50%	3.01%
Salary Increases:		
2012-2021	Varies Based on Experience	2.15% - 4.40% Based on Age
Thereafter	Varies Based on Experience	3.15% - 5.40% Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000
Period of Actuarial Experience		
Study upon which Actuarial Assumptions were Based	July 1, 2009 - June 30, 2012	July 1, 2008 - June 30, 2011

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

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

For PERS, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of returns for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>TPAF</u>		<u>PERS</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%	6.00%	0.80%
Core Fixed Income	-	2.19%	-	-
Core Bonds	1.00%	1.38%	1.00%	2.49%
Short-Term Bonds	-	1.00%	-	-
Intermediate-Term Bonds	11.20%	2.60%	11.20%	2.26%
Long-Term Bonds	-	3.23%	-	-
Mortgages	2.50%	2.84%	2.50%	2.17%
High Yield Bonds	5.50%	4.15%	5.50%	4.82%
Non-US Fixed Income	-	1.41%	-	-
Inflation-Indexed Bonds	2.50%	1.30%	2.50%	3.51%
Broad US Equities	25.90%	5.88%	25.90%	8.22%
Large Cap US Equities	-	5.62%	-	-
Mid Cap US Equities	-	6.39%	-	-
Small Cap US Equities	-	7.39%	-	-
Developed Foreign Equities	12.70%	6.05%	12.70%	8.12%
Emerging Market Equities	6.50%	8.90%	6.50%	9.91%
Private Equity	8.25%	9.15%	8.25%	13.02%
Hedge Funds / Absolute Return	12.25%	3.85%	12.25%	4.92%
Real Estate (Property)	3.20%	4.43%	3.20%	5.80%
Real Estate (REITS)	-	5.58%	-	-
Commodities	2.50%	3.60%	2.50%	5.35%
Long Credit Bonds	-	3.74%	-	-
	<u>100.00%</u>		<u>100.00%</u>	

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

**Discount Rate** - The discount rate used to measure the total pension liability was 4.68% and 4.95% for TPAF as of June 30, 2014 and 2013, respectively, and 5.39% and 5.55% for PERS as of June 30, 2014 and 2013, respectively. For TPAF and PERS, these single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/ Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of School District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

**Teachers' Pension and Annuity Fund (TPAF)** - As indicated above, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the net pension liability as of June 30, 2014 attributable to the School District is \$0 and the State's net pension liability attributable to the School District using a discount rate of 4.68%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	<b>TPAF</b>		
	<b>1% Decrease (3.68%)</b>	<b>Current Discount Rate (4.68%)</b>	<b>1% Increase (5.68%)</b>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State's Proportionate Share of the School District's Net Pension Liability	<u>153,094,548.55</u>	<u>127,288,433.00</u>	<u>105,824,495.53</u>
	<u>\$ 153,094,548.55</u>	<u>\$ 127,288,433.00</u>	<u>\$ 105,824,495.53</u>

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

**Public Employees' Retirement System (PERS)** - The following presents the School District's proportionate share of the net pension liability at June 30, 2014 calculated using a discount rate of 5.39% for PERS, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<b>PERS</b>		
	<b>1% Decrease (4.39%)</b>	<b>Current Discount Rate (5.39%)</b>	<b>1% Increase (6.39%)</b>
School District's Proportionate Share of the Net Pension Liability	<u>\$ 21,743,138.69</u>	<u>\$ 17,283,426.21</u>	<u>\$ 13,529,171.47</u>

**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

**Note 10: STATE POST-RETIREMENT MEDICAL BENEFITS**

P.L. 1987, c.384 of P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving postemployment medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in fiscal year 2014.

**Note 11: ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2015, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs and post-retirement medical costs were \$1,290,332.00 and \$2,048,403.00, respectively.

**Note 12: RISK MANAGEMENT**

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

**Property and Liability Insurance** - The School District maintains its insurance coverage for property and liability through School Alliance Insurance Fund and its student accident and surety bonds through a commercial insurance company. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>School</u> <u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Income</u>	<u>Claims</u> <u>Incurred</u>	<u>Ending</u> <u>Balance</u>
2015	-	\$ 53,763.58	\$ 83.61	\$ 72,539.87	\$ 130,660.57
2014	-	54,152.93	80.68	20,697.99	149,353.25
2013	\$ 36,754.24	52,301.36	119.17	45,798.13	115,817.63

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

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

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

The Fund provides the School District with the following coverage:

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

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

**Note 12: RISK MANAGEMENT (CONT'D)**

The Fund publishes its own financial report for the fiscal year ended June 30, 2015 which can be obtained from:

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

**Note 13: DEFERRED COMPENSATION**

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

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

**Note 14: COMPENSATED ABSENCES**

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2015, the liability for compensated absences reported on the government-wide statement of net position and on the proprietary fund statement of net position was \$1,776,249.30 and \$107,130.05, respectively.

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

The composition of interfund balances as of June 30, 2015 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 350,603.33	\$ 5,676.07
Special Revenue		131,941.46
Capital Projects		27,660.32
Enterprise Funds	9,795.63	195,265.01
Fiduciary	59,439.65	59,295.75
	<u>\$ 419,838.61</u>	<u>\$ 419,838.61</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2016, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

Interfund Transfers:

	<u>Transfer In:</u>			
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Enterprise Funds</u>
<b><u>Transfer Out:</u></b>				
General Fund		\$ (209,454.04)	\$ 27,660.32	\$ 41,152.97
Special Revenue Fund	\$ 209,454.04			
Capital Projects	(27,660.32)			
Enterprise Funds	(41,152.97)			
Total Transfers	<u>\$ 140,640.75</u>	<u>\$ (209,454.04)</u>	<u>\$ 27,660.32</u>	<u>\$ 41,152.97</u>

The principal purposes of interfund transfers made during the fiscal year were for the liquidation of prior year receivables and payables and for payments made on behalf of other funds.

**Note 16: CONTINGENCIES**

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

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

**Note 17: CONCENTRATIONS**

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

**Note 18: DEFICIT FUND BALANCES**

The School District has a deficit fund balance of \$676,986.34 in the general fund as of June 30, 2015 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general and special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

**Note 19: FUND BALANCES****RESTRICTED**

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

**General Fund**

**For Excess Surplus** - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2015 is \$2,198,744.46. Additionally, \$2,528,068.61 of excess fund balance generated during 2013-2014 has been restricted and designated for utilization in the 2015-2016 budget.

**For Capital Reserve Account** - As of June 30, 2015, the balance in the capital reserve account is \$2,752,919.68. Of this amount \$892,255.00 has been appropriated as an item of revenue in the fiscal 2015-16 Budget. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

**For Maintenance Reserve Account** - As of June 30, 2015, the balance in the maintenance reserve account is \$1,556,619.98. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

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

**For Emergency Reserve** - As of June 30, 2015, the balance in the emergency reserve is \$315,160.53. These funds are restricted for the purpose of financing unanticipated general fund expenditures required for a thorough and efficient education in accordance with N.J.S.A. 18A:7F-41c(1). The balance of the reserve is not permitted to exceed \$250,000.00, or one percent (1%) of the School District's general fund budget up to a maximum of \$1,000,000.00, whichever is greater. Deposits may be made to the emergency reserve account at budget time, or by board resolution at year end of any unanticipated revenue or unexpended line item appropriation, or both. Withdrawals from the emergency reserve require approval by the Commissioner.

**Capital Projects Fund** - On July 1, 2009, the School District issued \$2,366,000.00 of general obligation bonds pursuant to Chapter 24 of Title 18A of the New Jersey Statutes, as amended and supplemented ("School Bond Law"). The Bonds were authorized by a proposal adopted by the Board and approved by the voters of the School District at a special election held on April 21, 2009. The bond issuance was approved by the voters for installation of solar panels at the Galloway Township Middle School. In addition, the district authorized several other projects for various purposes funded by School Development Authority grants and local funds. As of June 30, 2015, the restricted fund balance amount was \$206,521.68.

**Debt Service Fund** - As of June 30, 2015, \$169,000.49 of debt service fund balance is restricted for future debt service expenditures. \$169,000.00 of the restricted balance has been designated for utilization in the 2015-2016 Budget.

**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 2015-2016 Budget, \$371,144.39 of general fund balance at June 30, 2015.

The School District has approved to anticipate revenue for the 2016-2017 Budget, \$59,670.32 of general fund balance at June 30, 2015, resulting from the Special Education Medicaid Initiative (SEMI) reimbursement received during the current fiscal year for reimbursement of previous fiscal year expenditures.

**Other Purposes** - As of June 30, 2015, the School District had \$84,748.11 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

**UNASSIGNED**

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

**General Fund** - As of June 30, 2015, the general fund balance deficit of \$676,986.34 was unassigned.

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

**Special Revenue Fund** - As of June 30, 2015, the fund balance of the special revenue fund was \$17,003.00.

**Note 20: RESTATEMENT OF PRIOR PERIOD NET POSITION**

As indicated in Note 1 to the financial statements, the School District adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, for the fiscal year ended June 30, 2015. As a result of implementing these two Statements, a restatement of unrestricted net position on the government-wide statement of activities was required to record the School District's proportionate share of its net pension liability. The cumulative effect on the financial statements as reported for June 30, 2014 is as follows:

	Net Position As Previously Reported <u>June 30, 2014</u>	GASB 68 Implementation			Net Position As Restated <u>June 30, 2014</u>
		Net Pension Liability (1)	Deferred Outflows (2)	Accounts Payable (3)	
<b>Governmental Activities:</b>					
Net Investment in Capital Assets	\$ 27,754,527.02	\$ -	\$ -	\$ -	\$ 27,754,527.02
Reserve for:					
Debt Service	97,309.82				97,309.82
Capital Projects	415,874.63				415,874.63
Other Purposes	7,860,741.42				7,860,741.42
Unrestricted (Deficit)	<u>(313,581.87)</u>	<u>(16,306,835.00)</u>	<u>761,011.00</u>	<u>(761,011.00)</u>	<u>(16,620,416.87)</u>
Total Net Position	<u>\$ 35,814,871.02</u>	<u>\$ (16,306,835.00)</u>	<u>\$ 761,011.00</u>	<u>\$ (761,011.00)</u>	<u>\$ 19,508,036.02</u>

- (1) Represents the District's proportionate share of the Public Employees' Retirement System (PERS) June 30, 2013 Net Pension Liability.
- (2) Represents the District's beginning deferred outflow of resources for contributions subsequent to the measurement date, paid on April 1, 2015.
- (3) Represents the District's accounts payable for contributions subsequent to the measurement date, paid on April 1, 2015. The State of New Jersey Division of Pension and Benefits has an accounts receivable recorded in the PERS Plan Audit.

REQUIRED SUPPLEMENTARY INFORMATION  
PART II

BUDGETARY COMPARISON SCHEDULES

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**

Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund

For the Fiscal Year Ended June 30, 2015

REVENUES:	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Local Sources:					
Local Tax Levy	\$ 30,454,298.00		\$ 30,454,298.00	\$ 30,454,298.00	\$ 548,979.47
Tuition	500.00		500.00	2,566.76	2,066.76
Interest Earned on Capital Reserve Funds				946.66	946.66
Interest Earned on Maintenance Reserve Funds				472.36	472.36
Interest Earned on Emergency Reserve Funds				298,481.12	298,481.12
Unrestricted Miscellaneous Revenues	160,000.00		160,000.00		138,481.12
<b>Total - Local Sources</b>	<b>30,614,798.00</b>	<b>-</b>	<b>30,614,798.00</b>	<b>31,305,744.37</b>	<b>690,946.37</b>
State Sources:					
Categorical Transportation Aid	339,014.00		339,014.00	339,014.00	
Special Education Aid	1,973,337.00		1,973,337.00	1,973,337.00	
Equalization Aid	20,530,313.00		20,530,313.00	20,530,313.00	
Categorical Security Aid	730,204.00		730,204.00	730,204.00	
Extraordinary Aid				404,521.00	404,521.00
PARCC Readiness Aid	33,240.00		33,240.00	33,240.00	
Per Pupil Growth Aid	33,240.00		33,240.00	33,240.00	
Non-Public Transportation Aid				42,282.00	42,282.00
Homeless Aid				42,860.00	42,860.00
On-behalf TPAF Pension Contributions (non-budgeted)				1,290,332.00	1,290,332.00
On-behalf TPAF Medical Contributions (non-budgeted)				2,048,403.00	2,048,403.00
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				1,827,416.40	1,827,416.40
<b>Total - State Sources</b>	<b>23,639,348.00</b>	<b>-</b>	<b>23,639,348.00</b>	<b>29,295,162.40</b>	<b>5,655,814.40</b>
Federal Sources:					
Special Education Medicaid Initiative	63,120.00		63,120.00	40,228.37	(22,891.63)
Medicaid Administrative Claiming Aid				13,523.86	13,523.86
Special Education Medicaid Initiative ARRA Reconciliation				59,670.32	59,670.32
<b>Total - Federal Sources</b>	<b>63,120.00</b>	<b>-</b>	<b>63,120.00</b>	<b>113,422.55</b>	<b>50,302.55</b>
<b>Total Revenues</b>	<b>54,317,266.00</b>	<b>-</b>	<b>54,317,266.00</b>	<b>60,714,329.32</b>	<b>6,397,063.32</b>

(Continued)

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 1,248,988.00		\$ 1,248,988.00	\$ 1,244,190.65	\$ 4,797.35
Grades 1-5	8,084,704.00		8,084,704.00	8,066,883.68	17,820.32
Grades 6-8	4,674,786.00		4,674,786.00	4,553,579.29	121,206.71
Regular Programs - Home Instruction:					
Salaries of Teachers	85,000.00		85,000.00	43,194.25	41,805.75
Purchased Professional - Educational Services	4,000.00		4,000.00	1,361.02	2,638.98
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	312,743.00		312,743.00	294,866.15	17,876.85
Purchased Professional - Educational Services	9,025.00	\$ 175.00	9,200.00	9,198.30	1.70
Other Purchased Services	241,684.00	(175.00)	241,509.00	182,647.26	58,861.74
General Supplies	806,958.00		806,958.00	754,856.31	52,101.69
Textbooks	35,130.00		35,130.00	18,945.14	16,184.86
Other Objects	1,500.00		1,500.00	1,500.00	1,500.00
Total Regular Programs- Instruction	15,504,518.00	-	15,504,518.00	15,169,722.05	334,795.95
Learning and / or Language Disabilities:					
Salaries of Teachers	843,342.00	41,000.00	884,342.00	883,830.05	511.95
Other Salaries for Instruction	505,822.00	54,000.00	559,822.00	544,287.51	15,534.49
General Supplies	40,700.00	(18,000.00)	22,700.00	17,792.81	4,907.19
Textbooks	4,000.00		4,000.00	4,000.00	4,000.00
Total Learning and / or Language Disabilities	1,393,864.00	77,000.00	1,470,864.00	1,445,910.37	24,953.63

(Continued)

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Special Education - Instruction (Cont'd):					
Behavioral Disabilities:					
Salaries of Teachers	\$ 128,271.00	\$ 600.00	\$ 128,871.00	\$ 128,871.00	\$ 13,498.66
Other Salaries for Instruction	75,959.00	25,400.00	101,359.00	87,860.34	3,504.05
General Supplies	6,225.00		6,225.00	2,720.95	2,800.00
Textbooks	2,800.00		2,800.00		545.08
Other Objects	800.00		800.00		
<b>Total Behavioral Disabilities</b>	<b>214,055.00</b>	<b>26,000.00</b>	<b>240,055.00</b>	<b>219,997.37</b>	<b>20,057.63</b>
Multiple Disabilities:					
Salaries of Teachers	179,546.00	51,400.00	230,946.00	230,668.24	277.76
Other Salaries for Instruction	107,304.00	100.00	107,404.00	107,399.90	4.10
General Supplies	7,700.00	(2,000.00)	5,700.00	5,267.54	432.46
Textbooks	4,800.00		4,800.00		4,800.00
Other Objects	400.00		400.00		400.00
<b>Total Multiple Disabilities</b>	<b>299,750.00</b>	<b>49,500.00</b>	<b>349,250.00</b>	<b>343,335.68</b>	<b>5,914.32</b>
Resource Room / Resource Center:					
Salaries of Teachers	3,580,379.00	(189,000.00)	3,391,379.00	3,345,105.37	46,273.63
Other Salaries for Instruction	47,256.00		47,256.00	36,349.60	10,906.40
General Supplies	14,000.00		14,000.00	6,587.93	7,412.07
Textbooks	3,500.00		3,500.00		3,500.00
<b>Total Resource Room / Resource Center</b>	<b>3,645,135.00</b>	<b>(189,000.00)</b>	<b>3,456,135.00</b>	<b>3,388,042.90</b>	<b>68,092.10</b>
Preschool Disabilities - Full Time:					
Salaries of Teachers	399,771.00		399,771.00	351,246.87	48,524.13
Other Salaries for Instruction	399,390.00	68,000.00	467,390.00	461,155.84	6,234.16
General Supplies	9,500.00		9,500.00	3,405.22	6,094.78
<b>Total Preschool Disabilities - Full Time</b>	<b>808,661.00</b>	<b>68,000.00</b>	<b>876,661.00</b>	<b>815,807.93</b>	<b>60,853.07</b>
<b>Total Special Education - Instruction</b>	<b>6,361,465.00</b>	<b>31,500.00</b>	<b>6,392,965.00</b>	<b>6,213,094.25</b>	<b>179,870.75</b>

(Continued)

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**

Required Supplementary Information  
Budgetary Comparison Schedule

General Fund  
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONTD):</b>					
Current Expense (Cont'd):					
Basic Skills / Remedial - Instruction:					
Salaries of Teachers	\$ 1,116,078.00	\$ 3,900.00	\$ 1,119,978.00	\$ 1,119,682.40	\$ 295.60
General Supplies	11,200.00	(3,900.00)	7,300.00	5,680.70	1,619.30
Total Basic Skills / Remedial - Instruction	1,127,278.00	-	1,127,278.00	1,125,363.10	1,914.90
Bilingual Education - Instruction:					
Salaries of Teachers	579,950.00		579,950.00	572,141.50	7,808.50
General Supplies	4,500.00		4,500.00	3,814.56	685.44
Textbooks	2,300.00		2,300.00	77.04	2,222.96
Total Bilingual Education - Instruction	586,750.00	-	586,750.00	576,033.10	10,716.90
School Sponsored Cocurricular Activities - Instruction:					
Salaries	43,608.00		43,608.00	38,187.83	5,420.17
Supplies and Materials	7,450.00		7,450.00	4,374.06	3,075.94
Total School Sponsored Cocurricular Activities - Instruction	51,058.00	-	51,058.00	42,561.89	8,496.11
School Sponsored Athletics - Instruction:					
Salaries	30,191.00		30,191.00	30,190.05	0.95
Purchased Services	5,975.00		5,975.00	5,891.89	83.11
Supplies and Materials	6,695.00		6,695.00	6,544.94	150.06
Total School Sponsored Athletics - Instruction	42,861.00	-	42,861.00	42,626.88	234.12
<b>Total Instruction</b>	<b>23,673,930.00</b>	<b>31,500.00</b>	<b>23,705,430.00</b>	<b>23,169,401.27</b>	<b>536,028.73</b>

(Continued)

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONTD):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 70,000.00	\$ (650.00)	\$ 69,350.00	\$ 60,894.82	\$ 8,455.18
Tuition to Other LEAs Within the State - Special	118,887.90	(80,000.00)	38,887.90	38,473.00	414.90
Tuition to CSSD and Regional Day Schools	834,306.00	(45,600.00)	788,706.00	740,145.81	48,560.19
Tuition to Private Schools for the Disabled - Within State	545,310.00	242,150.00	787,460.00	760,654.39	26,805.61
<b>Total Undistributed Expenditures - Instruction</b>	<b>1,568,503.90</b>	<b>115,900.00</b>	<b>1,684,403.90</b>	<b>1,600,168.02</b>	<b>84,235.88</b>
Undistributed Expenditures - Attendance and Social Work:					
Salaries	24,268.00		24,268.00	15,379.57	8,888.43
Other Purchased Services	2,500.00		2,500.00	1,984.00	516.00
Supplies and Materials	2,800.00		2,800.00	2,330.18	469.82
<b>Total Undistributed Expenditures - Attendance and Social Work</b>	<b>29,568.00</b>	<b>-</b>	<b>29,568.00</b>	<b>19,693.75</b>	<b>9,874.25</b>
Undistributed Expenditures - Health Services:					
Salaries	561,023.00		561,023.00	535,974.43	25,048.57
Purchased Professional and Technical Services	21,900.00		21,900.00	14,204.00	7,696.00
Other Purchased Services	1,120.00		1,120.00	21.33	1,098.67
Supplies and Materials	17,200.00		17,200.00	13,197.85	4,002.15
<b>Total Undistributed Expenditures - Health Services</b>	<b>601,243.00</b>	<b>-</b>	<b>601,243.00</b>	<b>563,397.61</b>	<b>37,845.39</b>
Undistributed Expenditures - Other Support Services - Students - Related Services:					
Salaries	614,567.00		614,567.00	593,573.30	20,993.70
Purchased Professional - Educational Services	128,500.00		128,500.00	106,837.25	21,662.75
Supplies and Materials	8,850.00		8,850.00	6,870.45	1,979.55
Other Objects	3,000.00		3,000.00	592.31	2,407.69
<b>Total Undistributed Expenditures - Other Support Services - Students - Related Services</b>	<b>754,917.00</b>	<b>-</b>	<b>754,917.00</b>	<b>707,873.31</b>	<b>47,043.69</b>

(Continued)

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONTD):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Other Support Services - Students - Extra Services:					
Salaries	\$ 497,334.00	\$	\$ 497,334.00	\$ 432,580.40	\$ 64,753.60
Purchased Professional - Educational Services	252,650.00		252,650.00	198,981.25	53,668.75
Supplies and Materials	27,500.00		27,500.00	13,311.48	14,188.52
<b>Total Undistributed Expenditures - Other Support Services - Students - Extra Services</b>	<b>777,484.00</b>	<b>-</b>	<b>777,484.00</b>	<b>644,873.13</b>	<b>132,610.87</b>
Undistributed Expenditures - Other Support Services - Students - Regular:					
Salaries of Other Professional Staff	619,041.00		619,041.00	597,705.58	21,335.42
Other Purchased Professional and Technical Services	11,000.00		11,000.00	400.00	10,600.00
Other Purchased Services (400-500 series)	2,200.00		2,200.00	317.84	1,882.16
Supplies and Materials	19,850.00		19,850.00	6,669.18	13,180.82
Other Objects	850.00		850.00		850.00
<b>Total Undistributed Expenditures - Other Support Services - Students - Regular</b>	<b>652,941.00</b>	<b>-</b>	<b>652,941.00</b>	<b>605,092.60</b>	<b>47,848.40</b>
Undistributed Expenditures - Other Support Services - Students - Special:					
Salaries of Other Professional Staff	1,213,604.00	\$ (10,000.00)	1,203,604.00	1,110,142.75	93,461.25
Salaries of Secretarial and Clerical Assistants	176,691.00		176,691.00	168,793.35	7,897.65
Purchased Professional - Educational Services	15,000.00		15,000.00	13,528.38	1,471.62
Other Purchased Professional and Technical Services	69,950.00	10,000.00	79,950.00	74,834.00	5,116.00
Miscellaneous Purchased Services	8,640.00		8,640.00	3,820.17	4,819.83
Supplies and Materials	16,700.00		16,700.00	16,532.59	167.41
Other Objects	1,800.00		1,800.00	820.00	980.00
<b>Total Undistributed Expenditures - Other Support Services - Students - Special</b>	<b>1,502,385.00</b>	<b>-</b>	<b>1,502,385.00</b>	<b>1,388,471.24</b>	<b>113,913.76</b>

(Continued)

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**

Required Supplementary Information  
Budgetary Comparison Schedule

General Fund  
For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONTD):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Other Professional Staff	\$ 218,253.00	\$ 500.00	\$ 218,753.00	\$ 218,644.83	\$ 108.17
Salaries of Secretarial and Clerical Assistants	97,750.00	100.00	97,850.00	97,795.79	54.21
Salaries of Facilitators, Math & Literacy Coaches	161,714.00		161,714.00	160,114.00	1,600.00
Purchased Professional - Educational Services	17,500.00	(600.00)	16,900.00	16,528.00	372.00
Other Purchased Services (400-500)	250.00		250.00	213.31	36.69
Supplies and Materials	268,403.70	(10,000.00)	258,403.70	176,765.83	81,637.87
Other Objects	16,700.00		16,700.00	12,920.88	3,779.12
Total Undistributed Expenditures - Improvement of Instruction Services	780,570.70	(10,000.00)	770,570.70	682,982.64	87,588.06
Undistributed Expenditures - Educational Media Services / School Library:					
Salaries	499,366.00	750.00	500,116.00	499,457.70	658.30
Purchased Professional and Technical Services	14,500.00	(750.00)	13,750.00	6,767.30	6,982.70
Other Purchased Services (400-500 series)	7,500.00		7,500.00	1,588.42	5,911.58
Supplies and Materials	39,000.00		39,000.00	35,820.08	3,179.92
Total Undistributed Expenditures - Educational Media Services / School Library	560,366.00	-	560,366.00	543,633.50	16,732.50
Undistributed Expenditures - Instructional Staff Training Services:					
Salaries of Other Professional Staff	54,885.00	10,000.00	64,885.00	64,877.59	7.41
Purchased Professional - Educational Services	2,200.00		2,200.00		2,200.00
Other Purchased Services (400-500 series)	6,450.00		6,450.00	767.44	5,682.56
Supplies and Materials	1,000.00		1,000.00		1,000.00
Other Objects	21,300.00		21,300.00	10,806.75	10,493.25
Total Undistributed Expenditures - Instructional Staff Training Services	85,835.00	10,000.00	95,835.00	76,451.78	19,383.22

(Continued)

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund

For the Fiscal Year Ended June 30, 2015

**EXPENDITURES (CONTD):**

Current Expense (Cont'd):

Undistributed Expenditures - Support Services - General Administration:

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Salaries	\$ 258,584.00		\$ 258,584.00	\$ 258,047.00	\$ 537.00
Legal Services	35,750.00		35,750.00	27,160.00	8,590.00
Audit Fees	45,200.00		45,200.00	44,700.00	500.00
Architectural/Engineering Services	50,000.00	\$ (10,600.00)	39,400.00	39,400.00	39,400.00
Other Purchased Professional Services	36,500.00		36,500.00	25,361.04	11,138.96
Communications / Telephone	218,712.00		218,712.00	217,294.30	1,417.70
Travel	4,900.00		4,900.00	683.87	4,216.13
BOE Other Purchased Services	2,000.00		2,000.00	1,200.00	800.00
Other Purchased Services (400-500)	95,830.00	(1,700.00)	94,130.00	78,040.29	16,089.71
General Supplies	11,500.00	3,200.00	14,700.00	14,400.18	299.82
Miscellaneous Expenditures	6,725.00	(1,500.00)	5,225.00	4,075.92	1,149.08
BOE Membership Dues and Fees	24,000.00		24,000.00	22,705.95	1,294.05
<b>Total Undistributed Expenditures - Support Services - General Administration</b>	<b>789,701.00</b>	<b>(10,600.00)</b>	<b>779,101.00</b>	<b>693,668.55</b>	<b>85,432.45</b>

Undistributed Expenditures - Support Services - School Administration:

Salaries of Principals / Assistant Principals	1,279,849.00	22,500.00	1,302,349.00	1,297,374.17	4,974.83
Salaries of Secretarial and Clerical Assistants	555,524.00		555,524.00	554,744.71	779.29
Other Purchased Services (400-500 series)	14,544.00	(11,900.00)	2,644.00	2,421.48	222.52
Supplies and Materials	58,050.00	(1,450.00)	56,600.00	30,580.11	26,019.89
Other Objects	11,350.00	1,450.00	12,800.00	10,448.90	2,351.10
<b>Total Undistributed Expenditures - Support Services - School Administration</b>	<b>1,919,317.00</b>	<b>10,600.00</b>	<b>1,929,917.00</b>	<b>1,895,569.37</b>	<b>34,347.63</b>

Undistributed Expenditures - Central Services:

Salaries	413,796.00	6,000.00	419,796.00	419,252.96	543.04
Purchased Technical Services	11,955.00	1,800.00	13,755.00	13,150.40	604.60
Miscellaneous Purchased Services (400-500 series)	22,250.00	(8,200.00)	14,050.00	10,377.80	3,672.20
Supplies and Materials	9,900.00		9,900.00	7,925.45	1,974.55
Interest on Lease Purchase Agreements	3,515.00		3,515.00	3,515.00	3,515.00
Miscellaneous Expenditures	3,420.00		3,420.00	1,565.00	1,855.00
<b>Total Undistributed Expenditures - Central Services</b>	<b>464,836.00</b>	<b>(400.00)</b>	<b>464,436.00</b>	<b>452,271.61</b>	<b>12,164.39</b>

(Continued)

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONTD):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Administration of Information Technology:					
Salaries	\$ 405,275.00	\$	\$ 405,275.00	\$ 404,034.12	\$ 1,240.88
Purchased Professional Services	2,275.00		2,275.00	7,485.00	2,275.00
Purchased Technical Services	30,000.00		30,000.00	317.07	22,515.00
Other Purchased Services (400-500 series)	1,000.00		1,000.00		682.93
Supplies and Materials	2,500.00		2,500.00		2,500.00
Other Objects	2,000.00		2,000.00		2,000.00
<b>Total Undistributed Expenditures - Administration of Information Technology</b>	<b>443,050.00</b>	<b>-</b>	<b>443,050.00</b>	<b>411,836.19</b>	<b>31,213.81</b>
Undistributed Expenditures - Required Maintenance for School Facilities:					
Salaries	405,378.00		405,378.00	396,143.47	9,234.53
Cleaning, Repair and Maintenance Services	403,505.00		403,505.00	248,640.50	154,864.50
General Supplies	107,000.00		107,000.00	59,046.27	47,953.73
Other Objects	5,600.00		5,600.00	3,671.43	1,928.57
<b>Total Undistributed Expenditures - Required Maintenance for School Facilities</b>	<b>921,483.00</b>	<b>-</b>	<b>921,483.00</b>	<b>707,501.67</b>	<b>213,981.33</b>
Undistributed Expenditures - Operation and Maintenance of Plant Services:					
Salaries	1,424,084.00		1,424,084.00	1,362,561.24	61,522.76
Purchased Professional and Technical Services	1,500.00		1,500.00	1,390.00	110.00
Cleaning, Repair and Maintenance Services	84,950.00		84,950.00	59,376.55	25,573.45
Rental of Land and Buildings -- Other than Lease Purchase	5,000.00		5,000.00	5,000.00	
Other Purchased Property Services	124,000.00		124,000.00	111,354.72	12,645.28
Insurance	233,200.00		233,200.00	224,749.00	8,451.00
General Supplies	175,852.00		175,852.00	166,417.16	9,434.84
Energy (Heat)	187,000.00		187,000.00	165,452.05	21,547.95
Energy (Electricity)	823,711.00		823,711.00	588,057.01	235,653.99
Energy (Gasoline)	30,000.00		30,000.00	14,748.56	15,251.44
Other Objects	6,000.00		6,000.00	3,998.95	2,001.05
<b>Total Undistributed Expenditures - Operation and Maintenance of Plant Services</b>	<b>3,095,297.00</b>	<b>-</b>	<b>3,095,297.00</b>	<b>2,703,105.24</b>	<b>392,191.76</b>

(Continued)

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**

Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund

For the Fiscal Year Ended June 30, 2015

**EXPENDITURES (CONTD):**

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Current Expense (Cont'd):					
Undistributed Expenditures - Care & Upkeep of Grounds					
Salaries	\$ 25,074.00	\$	\$ 25,074.00	\$ 25,073.56	\$ 0.44
Cleaning, Repair, and Maintenance Services	93,900.00	(3,700.00)	90,200.00	80,903.53	9,296.47
General Supplies	13,800.00	3,700.00	17,500.00	11,225.29	6,274.71
<b>Total Undistributed Expenditures - Care &amp; Upkeep of Grounds</b>	<b>132,774.00</b>	<b>-</b>	<b>132,774.00</b>	<b>117,202.38</b>	<b>15,571.62</b>
Undistributed Expenditures - Security					
Salaries	45,102.00	300.00	45,402.00	45,322.50	79.50
Purchased Professional and Technical services	65,000.00	(300.00)	64,700.00	21,891.18	42,808.82
Cleaning, Repair, and Maintenance Services	23,395.00		23,395.00	10,173.24	13,221.76
General Supplies	11,550.00		11,550.00	1,504.75	10,045.25
<b>Total Undistributed Expenditures - Security</b>	<b>145,047.00</b>	<b>-</b>	<b>145,047.00</b>	<b>78,891.67</b>	<b>66,155.33</b>
Undistributed Expenditures - Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School)-Reg.	100,520.00		100,520.00	98,845.36	1,674.64
Other Purchased Prof. and Technical Services	3,500.00		3,500.00	3,250.00	250.00
Contracted Services - (Between Home and School) - Vendors	28,000.00		28,000.00	4,000.00	24,000.00
Contracted Services - (Other than Between Home and School) - Vendors	85,500.00		85,500.00	6,473.06	79,026.94
Contracted Services - (Between Home and School) - Joint Agreements	2,508,162.00	(49,500.00)	2,458,662.00	2,353,989.31	104,672.69
Contracted Services (Special Education Students) - Joint Agreements	1,324,104.00		1,324,104.00	1,290,060.13	34,043.87
Contracted Services - Aid in Lieu of Payments - Nonpublic School	70,278.00	(884.00)	69,394.00	46,687.14	22,706.86
Contracted Services - Aid in Lieu of Payments - Charter School	16,796.00	884.00	17,680.00	17,680.00	
General Supplies	11,850.00		11,850.00	2,473.95	9,376.05
<b>Total Undistributed Expenditures - Student Transportation Services</b>	<b>4,148,710.00</b>	<b>(49,500.00)</b>	<b>4,099,210.00</b>	<b>3,823,458.95</b>	<b>275,751.05</b>
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	690,000.00		690,000.00	577,650.89	112,349.11
Other Retirement Contributions- PERS	800,500.00	(15,000.00)	785,500.00	761,810.78	23,689.22
Other Retirement Contributions - Regular	18,000.00	15,000.00	33,000.00	31,474.84	1,525.16
Unemployment Compensation	100,000.00	(82,900.00)	17,100.00	17,100.00	
Workmen's Compensation	409,000.00		409,000.00	398,817.00	10,183.00
Health Benefits	10,276,429.00	(4,600.00)	10,271,829.00	9,304,758.25	967,070.75
Tuition Reimbursement	128,000.00		128,000.00	96,211.96	31,788.04
Other Employee Benefits	667,000.00		667,000.00	599,505.03	67,494.97
<b>Total Unallocated Benefits</b>	<b>13,088,929.00</b>	<b>(87,500.00)</b>	<b>13,001,429.00</b>	<b>11,770,228.75</b>	<b>1,231,200.25</b>

(Continued)

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**

Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONTD):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures- Food Services					
Transfers to Cover Deficit	\$ 85,000.00	\$ (85,000.00)	-	-	-
On-behalf TPAF Pension Contributions (non-budgeted)				\$ 1,290,332.00	\$ (1,290,332.00)
On-behalf TPAF Medical Contributions (non-budgeted)				2,048,403.00	(2,048,403.00)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				1,827,416.40	(1,827,416.40)
<b>Total Undistributed Expenditures</b>	32,547,957.60	(106,500.00)	\$ 32,441,457.60	34,652,523.36	(2,211,065.76)
<b>Total Current Expense</b>	56,221,887.60	(75,000.00)	56,146,887.60	57,821,924.63	(1,675,037.03)
<b>Capital Outlay:</b>					
Capital Reserve:					
Transfer to Capital Projects	2,164,362.00	(2,164,362.00)			
Increase in Capital Reserve	450,000.00		450,000.00		450,000.00
Interest Deposit to Capital Reserve	500.00		500.00		500.00
<b>Total Capital Reserve</b>	2,614,862.00	(2,164,362.00)	450,500.00	-	450,500.00
<b>Equipment:</b>					
Undistributed Expenditures - Instructional	3,400.00		3,400.00		3,400.00
Other Support Services - Extraordinary Services	5,000.00		5,000.00		5,000.00
Undistributed Expenditures - Custodial Services	35,000.00		35,000.00	33,702.00	1,298.00
<b>Total Equipment</b>	43,400.00	-	43,400.00	33,702.00	9,698.00
<b>Facility Acquisitions and Construction Services:</b>					
Assessment for Debt Service on SDA Funding	44,186.00	-	44,186.00	44,186.00	-
<b>Total Capital Outlay</b>	2,702,448.00	(2,164,362.00)	538,086.00	77,888.00	460,198.00
<b>Transfer of Funds to Charter School</b>	773,098.00	(15,000.00)	758,098.00	739,010.00	19,088.00
<b>Total Expenditures</b>	59,697,433.60	(2,254,362.00)	57,443,071.60	58,638,822.63	(1,195,751.03)
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(5,380,167.60)	2,254,362.00	(3,125,805.60)	2,075,506.69	5,201,312.29

(Continued)

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**

Required Supplementary Information  
Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
Other Financing Sources (Uses):					
Operating Transfer Out -- Food Service Fund Transfer to Cover Deficit		\$ (90,000.00)	\$ (90,000.00)	\$ (89,815.38)	\$ 184.62
Operating Transfer Out -- Capital Reserve Transferred to Capital Projects Fund		(2,164,362.00)	(2,164,362.00)	(2,164,362.00)	40,352.95
Operating Transfer In -- Capital Project Balances Canceled to Capital Reserve				40,352.95	(1,647.59)
Bad Debt Expense -- Cancellation of Grant Balances				(1,647.59)	
Total Other Financing Sources (Uses):	-	(2,254,362.00)	(2,254,362.00)	(2,215,472.02)	38,889.98
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (5,380,167.60)	-	(5,380,167.60)	(139,965.33)	5,240,202.27
Fund Balances, July 1	11,566,585.07	-	11,566,585.07	11,566,585.07	-
Fund Balances, June 30	\$ 6,186,417.47	-	\$ 6,186,417.47	\$ 11,426,619.74	\$ 5,240,202.27
<b>Recapitulation:</b>					
Restricted Fund Balance:					
Capital Reserve				\$ 1,860,664.68	
Capital Reserve -- Designated for Subsequent Year's Expenditures				892,255.00	
Maintenance Reserve				1,556,619.98	
Emergency Reserve				315,160.53	
Excess Surplus				2,198,744.46	
Excess Surplus -- Designated for Subsequent Year's Expenditures				2,528,068.61	
Assigned Fund Balance:					
Other Purposes				84,748.11	
Designated for Subsequent Year's Expenditures				371,144.39	
Designated for Subsequent Year's Expenditures -- SEMI ARRA				59,670.32	
Unassigned Fund Balance				1,559,543.66	
Reconciliation to Governmental Funds Statements (GAAP):				11,426,619.74	
Last State Aid Payment Not Recognized on GAAP Basis				(2,236,530.00)	
				\$ 9,190,089.74	

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2015

REVENUES:	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
Local Sources:					
Atlanti Care Garden	\$ 500.00	\$ 500.00	500.00	500.00	
Atlanti Care School Health	5,250.49	5,250.49	5,250.49	3,998.05	\$ 1,252.44
GTEA Music Donation	1,125.00	1,125.00	1,125.00	985.19	139.81
Wrestling	1,905.00	1,905.00	1,905.00	1,905.00	1,905.00
Sustainable Jersey Small School Grant	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Galloway Education Foundation	14,820.36	14,820.36	14,820.36	13,854.89	965.47
<b>Total - Local Sources</b>	<b>-</b>	<b>25,600.85</b>	<b>25,600.85</b>	<b>19,338.13</b>	<b>6,262.72</b>
State Sources:					
Nonpublic Aid	\$ 196,000.00	109,308.00	305,308.00	239,223.31	66,084.69
Preschool Education Aid	102,300.00		102,300.00	75,067.00	27,233.00
<b>Total - State Sources</b>	<b>298,300.00</b>	<b>109,308.00</b>	<b>407,608.00</b>	<b>314,290.31</b>	<b>93,317.69</b>
Federal Sources:					
Title I	300,000.00	152,332.00	452,332.00	409,821.80	42,510.20
Title II A	50,000.00	37,901.00	87,901.00	71,709.94	16,191.06
Title III	30,000.00	11,499.00	41,499.00	19,647.19	21,851.81
Title III Immigrant		3,689.00	3,689.00	3,315.00	374.00
I.D.E.A., Part B Basic	650,000.00	473,287.77	1,123,287.77	1,068,692.60	54,595.17
I.D.E.A., Part B, Preschool Incentive		45,990.00	45,990.00	30,330.39	15,659.61
<b>Total - Federal Sources</b>	<b>1,030,000.00</b>	<b>724,698.77</b>	<b>1,754,698.77</b>	<b>1,603,516.92</b>	<b>151,181.85</b>
<b>Total Revenues</b>	<b>\$ 1,328,300.00</b>	<b>\$ 859,607.62</b>	<b>\$ 2,187,907.62</b>	<b>\$ 1,937,145.36</b>	<b>\$ 250,762.26</b>

(Continued)

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	\$ 460,397.28	\$ 229,182.49	\$ 689,579.77	\$ 651,705.10	\$ 37,874.67
Other Salaries for Instruction	27,165.00		27,165.00		27,165.00
Purchased Professional & Educational Services	12,157.84	8,842.16	21,000.00	11,000.00	10,000.00
Other Purchased Services	444,842.18	342,871.82	787,714.00	787,714.00	
General Supplies	95,238.04	117,942.81	213,180.85	210,953.11	2,227.74
Textbooks	30,000.00	4,199.00	34,199.00		34,199.00
Other Objects		4,000.00	4,000.00	1,710.00	2,290.00
<b>Total Instruction</b>	<b>1,069,800.34</b>	<b>707,038.28</b>	<b>1,776,838.62</b>	<b>1,663,082.21</b>	<b>113,756.41</b>
Support Services:					
Salaries of Other Professional Staff	57,332.40	28,076.58	85,408.98	69,721.30	15,687.68
Personal Services - Employee Benefits	27,572.11	30,729.89	58,302.00	35,102.54	23,199.46
Purchased Professional & Technical Services	91,939.46	58,478.86	150,418.32	86,551.07	63,867.25
Other Purchased Services	37,588.92	19,861.08	57,450.00	43,298.25	14,151.75
Supplies and Materials	38,964.54	12,832.16	51,796.70	31,698.04	20,098.66
Other Objects					
<b>Total Support Services</b>	<b>253,397.43</b>	<b>149,978.57</b>	<b>403,376.00</b>	<b>266,371.20</b>	<b>137,004.80</b>
Capital Outlay:					
Instructional Equipment	5,102.23	2,590.77	7,693.00	7,691.95	1.05
<b>Total Expenditures</b>	<b>\$ 1,328,300.00</b>	<b>\$ 859,607.62</b>	<b>\$ 2,187,907.62</b>	<b>\$ 1,937,145.36</b>	<b>\$ 250,762.26</b>
<b>Excess (Deficiency) of Revenues Over (Under Expenditures)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Required Supplementary Information  
 Budget-to-GAAP Reconciliation  
 For the Fiscal Year Ended June 30, 2015

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	\$ 60,714,329.32	\$ 1,937,145.36
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(221.49)
The Restricted State Aids recorded in the Special Revenue Fund are realized utilizing the budgetary basis which dictates that revenue must equal expenditures and differs from GAAP which recognizes the revenue once the eligibility criteria are met as specified in Note 1 and GASB 33.		27,233.00
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July 2014.	2,238,857.00	10,230.00
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33) received July 2015.	<u>(2,236,530.00)</u>	<u>(10,230.00)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 60,716,656.32</u>	<u>\$ 1,964,156.87</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 58,638,822.63	\$ 1,937,145.36
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>(221.49)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 58,638,822.63</u>	<u>\$ 1,936,923.87</u>

REQUIRED SUPPLEMENTARY INFORMATION  
PART III

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

	<u>Measurement Date Ending June 30,</u>	
	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.0923125078%	0.0853225517%
School District's Proportionate Share of the Net Pension Liability	\$ 17,283,426.00	\$ 16,306,835.00
School District's Covered-Employee Payroll	\$ 6,007,127.00	\$ 6,238,401.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	287.72%	261.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

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

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

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

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

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

	<u>Measurement Date Ending June 30,</u>	
	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.00%	0.00%
State's Proportion of the Net Pension Liability Associated with the School District	<u>100.00%</u>	<u>100.00%</u>
	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>
School District's Proportionate Share of the Net Pension Liability	\$ -	\$ -
State's Proportionate Share of the School District's Net Pension Liability	<u>127,288,433.00</u>	<u>116,890,790.00</u>
	<u><u>\$ 127,288,433.00</u></u>	<u><u>\$ 116,890,790.00</u></u>
School District's Covered-Employee Payroll	\$ 23,922,982.00	\$ 23,830,080.00
School District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	0.00%	0.00%
State's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	532.08%	490.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

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

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

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This schedule is not applicable.

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

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

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
Notes to Required Supplementary Information - Part III  
For the Fiscal Year Ended June 30, 2015

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

*Changes in Benefit Terms* - None

*Changes in Assumptions* - The discount rate changed from 5.55% as of June 30, 2013, to 5.39% as of June 30, 2014, in accordance with Paragraph 44 of GASB Statement No. 67.

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

*Changes in Benefit Terms* - None

*Changes in Assumptions* - The discount rate changed from 4.95% as of June 30, 2013, to 4.68% as of June 30, 2014, in accordance with Paragraph 44 of GASB Statement No. 67.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Special Revenue Fund  
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2015

	N.C.L.B.				I.D.E.A. Part B			Total Brought Forward
	Total	Title I	Title II Part A	Title III	Title III Immigrant	Basic	Preschool	
<b>REVENUES:</b>								
Federal Sources	\$ 1,603,516.92	\$ 409,821.80	\$ 71,709.94	\$ 19,647.19	\$ 3,315.00	\$ 1,068,692.60	\$ 30,330.39	\$ 314,290.31
State Sources	314,290.31							19,338.13
Local Sources	19,338.13							
<b>Total Revenues</b>	<u>\$ 1,937,145.36</u>	<u>\$ 409,821.80</u>	<u>\$ 71,709.94</u>	<u>\$ 19,647.19</u>	<u>\$ 3,315.00</u>	<u>\$ 1,068,692.60</u>	<u>\$ 30,330.39</u>	<u>\$ 333,628.44</u>
<b>EXPENDITURES:</b>								
<b>Instruction:</b>								
Salaries of Teachers	\$ 651,705.10	\$ 271,458.31		\$ 14,792.72		\$ 192,117.37		\$ 173,336.70
Other Salaries for Instruction	11,000.00					11,000.00		
Purchased Professional & Educational Services	787,714.00					788,367.00	\$ 19,347.00	
Other Purchased Services	210,953.11	70,508.67		1,936.83	\$ 3,315.00	58,914.17	9,273.39	67,005.05
General Supplies								
Textbooks	1,710.00						1,710.00	
Other Objects								
<b>Total Instruction</b>	<u>1,663,082.21</u>	<u>341,966.98</u>	<u>-</u>	<u>16,729.55</u>	<u>3,315.00</u>	<u>1,030,398.54</u>	<u>30,330.39</u>	<u>240,341.75</u>
<b>Support Services:</b>								
Salaries of Other Professional Staff	69,721.30	99.41	\$ 46,084.64			7,792.27		15,744.98
Personal Services - Employee Benefits	35,102.54	17,116.48	3,524.78	1,131.64		13,329.64		
Purchased Professional & Technical Services	86,551.07	2,850.00	3,359.25			12,000.00		68,341.82
Other Purchased Services	43,298.25	39,539.27	1,334.00	1,786.00		638.98		
Supplies and Materials	31,698.04	557.71	17,407.27			4,533.17		9,199.89
Other Objects								
<b>Total Support Services</b>	<u>266,371.20</u>	<u>60,162.87</u>	<u>71,709.94</u>	<u>2,917.64</u>	<u>-</u>	<u>38,294.06</u>	<u>-</u>	<u>93,286.69</u>
<b>Facilities Acquisition and Construction Services:</b>								
Instructional Equipment	7,691.95	7,691.95						
<b>Total Facilities Acquisition and Construction Services</b>	<u>7,691.95</u>	<u>7,691.95</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>1,937,145.36</u>	<u>409,821.80</u>	<u>71,709.94</u>	<u>19,647.19</u>	<u>3,315.00</u>	<u>1,068,692.60</u>	<u>30,330.39</u>	<u>333,628.44</u>
<b>Excess (Deficiency) of Revenues Over (Under Expenditures)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Special Revenue Fund  
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2015

	Total Carried Forward	Preschool Education Aid	Nonpublic Textbook Aid, Ch. 194, L. 1979	Nonpublic Nursing Aid	Nonpublic Technology	Total Brought Forward
<b>REVENUES:</b>						
Federal Sources	\$ 314,290.31	\$ 75,067.00	\$ 31,313.07	\$ 52,024.19	\$ 17,353.85	\$ 138,532.20
State Sources	19,338.13					19,338.13
Local Sources						
<b>Total Revenues</b>	<u>\$ 333,628.44</u>	<u>\$ 75,067.00</u>	<u>\$ 31,313.07</u>	<u>\$ 52,024.19</u>	<u>\$ 17,353.85</u>	<u>\$ 157,870.33</u>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of Teachers	\$ 173,336.70	\$ 75,067.00				\$ 98,269.70
Other Salaries for Instruction						
Purchased Professional & Educational Services						
Other Purchased Services	67,005.05		\$ 31,313.07		\$ 17,353.85	18,338.13
General Supplies						
Textbooks						
Other Objects						
<b>Total Instruction</b>	<u>240,341.75</u>	<u>75,067.00</u>	<u>31,313.07</u>	<u>-</u>	<u>17,353.85</u>	<u>116,607.83</u>
Support Services:						
Salaries of Other Professional Staff	15,744.98			\$ 13,744.98		2,000.00
Personal Services - Employee Benefits						
Purchased Professional & Technical Services	68,341.82			29,079.32		39,262.50
Other Purchased Services						
Supplies and Materials	9,199.89			9,199.89		
Other Objects						
<b>Total Support Services</b>	<u>93,286.69</u>	<u>-</u>	<u>-</u>	<u>52,024.19</u>	<u>-</u>	<u>41,262.50</u>
Facilities Acquisition and Construction Services:						
Instructional Equipment						
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>333,628.44</u>	<u>75,067.00</u>	<u>31,313.07</u>	<u>52,024.19</u>	<u>17,353.85</u>	<u>157,870.33</u>
<b>Excess (Deficiency) of Revenues Over (Under Expenditures)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Special Revenue Fund  
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2015

	Total Carried Forward	N.J. Nonpublic Auxiliary Services				Total Brought Forward
		Ch. 192 Compensatory Education	Supplemental Instruction	Examination and Classification	Corrective Speech	
<b>REVENUES:</b>						
Federal Sources	\$ 138,532.20	\$ 54,711.00	\$ 24,327.50	\$ 43,001.50	\$ 16,492.20	\$ 19,338.13
Slate Sources	19,338.13					
Local Sources						
<b>Total Revenues</b>	<b>\$ 157,870.33</b>	<b>\$ 54,711.00</b>	<b>\$ 24,327.50</b>	<b>\$ 43,001.50</b>	<b>\$ 16,492.20</b>	<b>\$ 19,338.13</b>
<b>EXPENDITURES:</b>						
<b>Instruction:</b>						
Salaries of Teachers	\$ 98,269.70	\$ 50,576.00		\$ 30,201.50	\$ 16,492.20	\$ 1,000.00
Other Salaries for Instruction						
Purchased Professional & Educational Services						
Other Purchased Services						
General Supplies	18,338.13					18,338.13
Textbooks						
Other Objects						
<b>Total Instruction</b>	<b>116,607.83</b>	<b>50,576.00</b>	<b>-</b>	<b>30,201.50</b>	<b>16,492.20</b>	<b>19,338.13</b>
<b>Support Services:</b>						
Salaries of Other Professional Staff	2,000.00	2,000.00				
Personal Services - Employee Benefits						
Purchased Professional & Technical Services	39,262.50	2,135.00	\$ 24,327.50	12,800.00		
Other Purchased Services						
Supplies and Materials						
Other Objects						
<b>Total Support Services</b>	<b>41,262.50</b>	<b>4,135.00</b>	<b>24,327.50</b>	<b>12,800.00</b>	<b>-</b>	<b>-</b>
<b>Facilities Acquisition and Construction Services:</b>						
Instructional Equipment						
<b>Total Facilities Acquisition and Construction Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>157,870.33</b>	<b>54,711.00</b>	<b>24,327.50</b>	<b>43,001.50</b>	<b>16,492.20</b>	<b>19,338.13</b>
<b>Excess (Deficiency) of Revenues Over (Under Expenditures)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Special Revenue Fund  
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2015

	<u>Total Carried Forward</u>	<u>Atlanti Care Garden Grant</u>	<u>Atlanti Care School Health</u>	<u>Galloway Education Foundation</u>	<u>GTEA Music Donation</u>
<b>REVENUES:</b>					
Federal Sources					
State Sources					
Local Sources	\$ 19,338.13	\$ 500.00	\$ 3,998.05	\$ 13,854.89	\$ 985.19
<b>Total Revenues</b>	\$ 19,338.13	\$ 500.00	\$ 3,998.05	\$ 13,854.89	\$ 985.19
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	\$ 1,000.00		\$ 1,000.00		
Other Salaries for Instruction					
Purchased Professional & Educational Services					
Other Purchased Services	18,338.13	\$ 500.00	2,998.05	\$ 13,854.89	\$ 985.19
General Supplies					
Textbooks					
Other Objects					
<b>Total Instruction</b>	19,338.13	500.00	3,998.05	13,854.89	985.19
Support Services:					
Salaries of Other Professional Staff					
Personal Services - Employee Benefits					
Purchased Professional & Technical Services					
Other Purchased Services					
Supplies and Materials					
Other Objects					
<b>Total Support Services</b>	-	-	-	-	-
Facilities Acquisition and Construction Services:					
Instructional Equipment					
<b>Total Facilities Acquisition and Construction Services</b>	-	-	-	-	-
<b>Total Expenditures</b>	19,338.13	500.00	3,998.05	13,854.89	985.19
<b>Excess (Deficiency) of Revenues Over (Under Expenditures)</b>	-	-	-	-	-

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Special Revenue Fund  
 Schedule of Preschool Education Aid  
 Budgetary Basis  
 For the Fiscal Year Ended June 30, 2015

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 75,135.00	\$ 75,067.00	\$ 68.00
Other Salaries for Instruction	27,165.00		27,165.00
Total Expenditures	\$ 102,300.00	\$ 75,067.00	\$ 27,233.00

Calculation of Budget and Carryover

Total Revised 2014-2015 Preschool Education Aid Allocation	\$ 102,300.00
Add: Actual ECPA Carryover (June 30, 2014)	-
Add: Budgeted Transfer from the General Fund 2013-14	-
Total Preschool Education Aid Funds Available for 2014-15 Budget	102,300.00
Less: 2014-15 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	(102,300.00)
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2015	-
Add: 2014-15 Unexpended Preschool Education Aid	27,233.00
Less: 2014-15 Commissioner Approved Transfer to General Fund	-
2014-2015 Carryover -- Preschool Education Aid	\$ 27,233.00
2014-2015 Preschool Education Aid Carryover Budgeted in 2015-16	-

CAPITAL PROJECTS FUND

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Capital Projects Fund  
 Summary Schedule of Project Expenditures  
 For the Fiscal Year Ended June 30, 2015

<u>Project Title / Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Prior Years</u>	<u>Expenditures to Date</u> Current Year	<u>Cancellations</u>	<u>Unexpended Balance</u> June 30, 2015
Installation of Solar Panels at the Galloway Township Middle School State Project # 1690-016-09-1000	4/21/2009	\$ 2,366,000.00	\$ 1,990,478.32	\$	\$ 169,000.00	\$ 206,521.68
Construction of Reeds Road Elementary School Gymnasium State Project # 1690-045-09-1003	9/3/2009	2,880,862.00	2,840,509.05		40,352.95	
Roland Rogers Roof Replacement State Project # 1690-046-14-1003-G04	5/14/2014	2,171,634.00	109,634.00	\$ 1,194,128.00		867,872.00
Smithville Roof Replacement State Project # 1690-048-14-1004-G04	5/19/2014	2,171,874.00	109,874.00	1,204,416.00		857,584.00
		<u>\$ 9,590,370.00</u>	<u>\$ 5,050,495.37</u>	<u>\$ 2,398,544.00</u>	<u>\$ 209,352.95</u>	<u>\$ 1,931,977.68</u>
Cancelled to Debt Service Fund				\$ 169,000.00		
Transferred to General Fund -- Capital Reserve				40,352.95		
				<u>\$ 209,352.95</u>		
Reconciliation to Governmental Funds Statements (GAAP):						\$ 1,931,977.68
Unexpended Balance as of June 30, 2015						<u>(1,725,456.00)</u>
SDA Grant Revenue Not Recognized on GAAP Basis						<u>\$ 206,521.68</u>
Fund Balance per Governmental Funds (GAAP)						<u>\$ 206,521.68</u>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
 Summary Schedule of Revenue, Expenditure, and Change in Fund Balances  
 For the Fiscal Year Ended June 30, 2015

**Revenues and Other Financing Sources**

State Sources--EDA Grant		\$ 1,959,638.00
Bond Proceeds and Transfers		
Transfer from Capital Reserve		2,164,362.00
Transfer from (to) Other Local Projects		
		4,124,000.00
Total Revenues		4,124,000.00

**Expenditures and Other Financing Uses**

Expenditures:		
Purchased Professional and Technical Services	\$ 57,999.00	
Construction Services	2,340,545.00	
		2,398,544.00
Total Expenditures		2,398,544.00
Other Financing Uses:		
Cancellation of Authorized Costs:		
Transferred to Debt Service Fund	169,000.00	
Transferred to General Fund -- Capital Reserve	40,352.95	
		209,352.95
Total Other Financing Uses		209,352.95
Total Expenditures and Other Financing Uses		2,607,896.95

Excess (Deficiency) of Revenues Over (Under) Expenditures		1,516,103.05
Fund Balance -- July 1		415,874.63
Fund Balance -- June 30		\$ 1,931,977.68
Reconciliation to Governmental Funds Statements (GAAP):		
Fund Balance as of June 30, 2015	\$ 1,931,977.68	
SDA Grant Revenue Not Recognized on GAAP Basis	(1,725,456.00)	
Fund Balance per Governmental Funds (GAAP)		\$ 206,521.68

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

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis  
 Installation of Solar Panels at the Galloway Township Middle School  
 For the Inception and for the Fiscal Year Ended June 30, 2015

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources--EDA Grant				
Bond Proceeds and Transfers	\$ 2,366,000.00		\$ 2,366,000.00	\$ 2,366,000.00
Transfer from Capital Reserve				
Transfer from (to) Other Local Projects				
<b>Total Revenues</b>	<u>2,366,000.00</u>	<u>-</u>	<u>2,366,000.00</u>	<u>2,366,000.00</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	57,478.32		57,478.32	57,478.32
Construction Services	836,459.00		836,459.00	1,042,980.68
Transfer to General Fund -- Unrestricted	758,541.00		758,541.00	758,541.00
Transfer to Debt Service Fund	338,000.00	\$ 169,000.00	507,000.00	507,000.00
Transfer to General Fund -- Capital Reserve				
<b>Total Expenditures</b>	<u>1,990,478.32</u>	<u>169,000.00</u>	<u>2,159,478.32</u>	<u>2,366,000.00</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ 375,521.68</u>	<u>\$ (169,000.00)</u>	<u>\$ 206,521.68</u>	<u>-</u>
<b>Additional Project Information:</b>				
Project Number	1690-016-09-1000			
Grant Date	N/A			
Bond Authorization Date	4/21/2009			
Bonds Authorized	\$ 2,366,000.00			
Bonds Issued	\$ 2,366,000.00			
Original Authorized Cost	\$ 2,366,000.00			
Additional Authorized Cost				
Revised Authorized Cost	\$ 2,366,000.00			
Percentage Increase over Original Authorized Cost				
Percentage Completion	91.27%			
Original Target Completion Date	9/30/2009			
Revised Target Completion Date	6/30/2012			

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis  
 Construction of Reeds Road Elementary School Gymnasium  
 For the Inception and for the Fiscal Year Ended June 30, 2015

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources--SDA Grant	\$ 807,059.00		\$ 807,059.00	\$ 807,059.00
Bond Proceeds and Transfers				
Transfer from Capital Reserve	3,391,047.00		3,391,047.00	3,391,047.00
Transfer from (to) Other Local Projects	<u>(1,317,244.00)</u>		<u>(1,317,244.00)</u>	<u>(1,317,244.00)</u>
 Total Revenues	 <u>2,880,862.00</u>	 <u>-</u>	 <u>2,880,862.00</u>	 <u>2,880,862.00</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	289,185.41		289,185.41	289,185.41
Construction Services	2,029,465.44		2,029,465.44	2,029,465.44
Transfer to General Fund -- Unrestricted				
Transfer to Debt Service Fund				
Transfer to General Fund -- Capital Reserve	<u>521,858.20</u>	<u>\$ 40,352.95</u>	<u>562,211.15</u>	<u>562,211.15</u>
 Total Expenditures	 <u>2,840,509.05</u>	 <u>40,352.95</u>	 <u>2,880,862.00</u>	 <u>2,880,862.00</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 40,352.95</u>	 <u>\$ (40,352.95)</u>	 <u>-</u>	 <u>-</u>
 <b>Additional Project Information:</b>				
Project Number	1690-045-09-1003			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 3,889,829.00			
Additional Authorized Cost	\$ (1,008,967.00)			
Revised Authorized Cost	\$ 2,880,862.00			
 Percentage Increase over Original Authorized Cost	 -25.94%			
Percentage Completion	100.00%			
Original Target Completion Date	4/30/2011			
Revised Target Completion Date	12/31/2013			

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
 Roland Rogers Roof Replacement  
 For the Inception and for the Fiscal Year Ended June 30, 2015

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources--EDA Grant		\$ 979,819.00	\$ 979,819.00	\$ 979,819.00
Bond Proceeds and Transfers				
Transfer from Capital Reserve		1,082,181.00	1,082,181.00	1,082,181.00
Transfer from (to) Other Local Projects	\$ 109,634.00		109,634.00	109,634.00
<b>Total Revenues</b>	<u>109,634.00</u>	<u>2,062,000.00</u>	<u>2,171,634.00</u>	<u>2,171,634.00</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	109,634.00	28,995.00	138,629.00	138,629.00
Construction Services		1,165,133.00	1,165,133.00	2,033,005.00
Transfer to General Fund -- Unrestricted				
Transfer to Debt Service Fund				
Transfer to General Fund -- Capital Reserve				
<b>Total Expenditures</b>	<u>109,634.00</u>	<u>1,194,128.00</u>	<u>1,303,762.00</u>	<u>2,171,634.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>\$ 867,872.00</u>	<u>\$ 867,872.00</u>	<u>-</u>

**Additional Project Information:**

Project Number	1690-046-14-1003-G04
Grant Date	1/6/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 2,062,000.00
Additional Authorized Cost	\$ 109,634.00
Revised Authorized Cost	\$ 2,171,634.00
Percentage Increase over Original Authorized Cost	5.32%
Percentage Completion	60.04%
Original Target Completion Date	5/14/2014
Revised Target Completion Date	9/30/2014

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
 Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
 Smithville Roof Replacement  
 For the Inception and for the Fiscal Year Ended June 30, 2015

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources--EDA Grant		\$ 979,819.00	\$ 979,819.00	\$ 979,819.00
Bond Proceeds and Transfers				
Transfer from Capital Reserve		1,082,181.00	1,082,181.00	1,082,181.00
Transfer from (to) Other Local Projects	\$ 109,874.00		109,874.00	109,874.00
<b>Total Revenues</b>	<u>109,874.00</u>	<u>2,062,000.00</u>	<u>2,171,874.00</u>	<u>2,171,874.00</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	109,874.00	29,004.00	138,878.00	138,878.00
Construction Services		1,175,412.00	1,175,412.00	2,032,996.00
Transfer to General Fund -- Unrestricted				
Transfer to Debt Service Fund				
Transfer to General Fund -- Capital Reserve				
<b>Total Expenditures</b>	<u>109,874.00</u>	<u>1,204,416.00</u>	<u>1,314,290.00</u>	<u>2,171,874.00</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>\$ 857,584.00</u>	<u>\$ 857,584.00</u>	<u>-</u>

**Additional Project Information:**

Project Number	1690-048-14-1004-G04
Grant Date	1/6/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 2,062,000.00
Additional Authorized Cost	\$ 109,874.00
Revised Authorized Cost	\$ 2,171,874.00
Percentage Increase over Original Authorized Cost	5.33%
Percentage Completion	60.51%
Original Target Completion Date	5/19/2014
Revised Target Completion Date	9/30/2014

PROPRIETARY FUNDS

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Enterprise Fund  
 Combining Statement of Net Position  
 June 30, 2015

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Gifted and Talented Consortium</u>	<u>Community Education</u>	<u>Total</u>
<b>ASSETS:</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 104,579.82	\$ 328,169.90	\$ 66,973.35	\$ 68,832.35	\$ 568,555.42
Accounts Receivable:					
Federal	67,467.20				67,467.20
State	1,208.48				1,208.48
Other	17,872.44	1,425.51			19,297.95
Interfund Accounts Receivable:					
Due Agency Fund -- Payroll		5,532.17			5,532.17
Due Gifted and Talented Consortium		333.54			333.54
Due Community Education		3,929.92			3,929.92
Inventories	19,386.90				19,386.90
<b>Total Current Assets</b>	<u>210,514.84</u>	<u>339,391.04</u>	<u>66,973.35</u>	<u>68,832.35</u>	<u>685,711.58</u>
<b>Noncurrent Assets:</b>					
Furniture, Machinery and Equipment	592,796.82				592,796.82
Less Accumulated Depreciation	(505,085.37)				(505,085.37)
<b>Total Noncurrent Assets</b>	<u>87,711.45</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,711.45</u>
<b>Total Assets</b>	<u>298,226.29</u>	<u>339,391.04</u>	<u>66,973.35</u>	<u>68,832.35</u>	<u>773,423.03</u>
<b>LIABILITIES:</b>					
<b>Current Liabilities:</b>					
Interfund Accounts Payable:					
Due General Fund	175,110.36	10,186.00		5,705.19	191,001.55
Due Childcare Fund			333.54	3,929.92	4,263.46
Compensated Absences	26,782.51				26,782.51
Unearned Revenue	15,585.88				15,585.88
	<u>217,478.75</u>	<u>10,186.00</u>	<u>333.54</u>	<u>9,635.11</u>	<u>237,633.40</u>
<b>Noncurrent Liabilities:</b>					
Compensated Absences	80,347.54	-	-	-	80,347.54
<b>Total Liabilities</b>	<u>297,826.29</u>	<u>10,186.00</u>	<u>333.54</u>	<u>9,635.11</u>	<u>317,980.94</u>
<b>NET POSITION:</b>					
Net Investment in Capital Assets	87,711.45				87,711.45
Unrestricted	(87,311.45)	329,205.04	66,639.81	59,197.24	367,730.64
<b>Total Net Position</b>	<u>\$ 400.00</u>	<u>\$ 329,205.04</u>	<u>\$ 66,639.81</u>	<u>\$ 59,197.24</u>	<u>\$ 455,442.09</u>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Enterprise Fund  
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
 For the Fiscal Year Ended June 30, 2015

	<u>Food Service</u>	<u>Child Care Program</u>	<u>Gifted and Talented Consortium</u>	<u>Community Education</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>					
Charges for Services:					
Daily Sales - Reimbursable Programs:					
School Lunch Program	\$ 337,992.79				\$ 337,992.79
School Breakfast Program	26,801.65				26,801.65
Daily Sales - Non-Reimbursable Programs	175,777.65				175,777.65
Special Functions	9,892.11				9,892.11
Community Service Activities		\$ 394,120.24	\$ 36,210.00	\$ 27,864.10	458,194.34
<b>Total Operating Revenues</b>	<b>550,464.20</b>	<b>394,120.24</b>	<b>36,210.00</b>	<b>27,864.10</b>	<b>1,008,658.54</b>
<b>OPERATING EXPENSES:</b>					
Salaries	727,258.74	170,403.66	26,848.75	18,351.14	942,862.29
Employee Benefits	259,210.21	12,319.84	2,387.47	1,403.86	275,321.38
Purchased Property Services	34,936.07				34,936.07
General Supplies	44,400.72	6,281.87	1,139.43	2,193.77	54,015.79
Depreciation	16,932.55				16,932.55
Cost of Sales	586,035.79				586,035.79
Miscellaneous	2,137.51	1,060.43		2,288.00	5,485.94
<b>Total Operating Expenses</b>	<b>1,670,911.59</b>	<b>190,065.80</b>	<b>30,375.65</b>	<b>24,236.77</b>	<b>1,915,589.81</b>
<b>Operating Income / (Loss)</b>	<b>(1,120,447.39)</b>	<b>204,054.44</b>	<b>5,834.35</b>	<b>3,627.33</b>	<b>(906,931.27)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
State Sources:					
State School Lunch Program	16,986.94				16,986.94
Federal Sources:					
National School Lunch Program	740,146.30				740,146.30
National School Breakfast Program	174,311.86				174,311.86
After School Snack Program	16,478.72				16,478.72
Food Distribution Program	46,612.93				46,612.93
HHFKA	19,985.76				19,985.76
Board Contribution	89,815.38				89,815.38
Interest Revenue	143.41	325.84	104.53	76.71	650.49
<b>Total Nonoperating Revenues (Expenses)</b>	<b>1,104,481.30</b>	<b>325.84</b>	<b>104.53</b>	<b>76.71</b>	<b>1,104,988.38</b>
<b>Change in Net Position</b>	<b>(15,966.09)</b>	<b>204,380.28</b>	<b>5,938.88</b>	<b>3,704.04</b>	<b>198,057.11</b>
<b>Net Position -- July 1</b>	<b>16,366.09</b>	<b>124,824.76</b>	<b>60,700.93</b>	<b>55,493.20</b>	<b>257,384.98</b>
<b>Net Position -- June 30</b>	<b>\$ 400.00</b>	<b>\$ 329,205.04</b>	<b>\$ 66,639.81</b>	<b>\$ 59,197.24</b>	<b>\$ 455,442.09</b>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
Enterprise Fund  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2015

	Food Service	Child Care Program	Gifted and Talented Consortium	Community Education	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from Customers	\$ 544,822.43	\$ 393,895.73	\$ 36,210.00	\$ 27,864.10	\$ 1,002,792.26
Payments to Employees	(748,450.18)	(170,403.66)	(26,848.75)	(18,351.14)	(964,053.73)
Payments for Employee Benefits	(259,210.21)	(12,319.84)	(2,387.47)	(1,403.86)	(275,321.38)
Payments to Suppliers	(666,909.64)	(7,342.30)	(1,139.43)	(4,481.77)	(679,873.14)
Net Cash Provided by (used for) Operating Activities	<u>(1,129,747.60)</u>	<u>203,829.93</u>	<u>5,834.35</u>	<u>3,627.33</u>	<u>(916,455.99)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>					
State Sources	18,343.16				18,343.16
Federal Sources	1,015,073.94				1,015,073.94
Operating Subsidies and Transfers to Other Funds	126,180.63	4,454.18	333.54		130,968.35
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>1,159,597.73</u>	<u>4,454.18</u>	<u>333.54</u>	<u>-</u>	<u>1,164,385.45</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Purchases of Capital Assets	(17,430.92)	-	-	-	(17,430.92)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest Revenue	143.41	325.84	104.53	76.71	650.49
Net Increase (Decrease) in Cash and Cash Equivalents	12,562.62	208,609.95	6,272.42	3,704.04	231,149.03
Cash and Cash Equivalents -- July 1	92,017.20	119,559.95	60,700.93	65,128.31	337,406.39
Cash and Equivalents -- June 30	<u>\$ 104,579.82</u>	<u>\$ 328,169.90</u>	<u>\$ 66,973.35</u>	<u>\$ 68,832.35</u>	<u>\$ 568,555.42</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	\$ (1,120,447.39)	\$ 204,054.44	\$ 5,834.35	\$ 3,627.33	\$ (906,931.27)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:</b>					
Depreciation and Net Amortization	16,932.55				16,932.55
(Increase) Decrease in Accounts Receivable, net	(4,998.52)	(224.51)			(5,223.03)
(Increase) Decrease in Inventories	600.45				600.45
Increase (Decrease) in Unearned Revenue	(643.25)				(643.25)
Increase (Decrease) in Accrued Salaries Benefits	(21,191.44)				(21,191.44)
Total Adjustments	<u>(9,300.21)</u>	<u>(224.51)</u>	<u>-</u>	<u>-</u>	<u>(9,524.72)</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (1,129,747.60)</u>	<u>\$ 203,829.93</u>	<u>\$ 5,834.35</u>	<u>\$ 3,627.33</u>	<u>\$ (916,455.99)</u>

FIDUCIARY FUNDS

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Fiduciary Funds  
 Combining Statement of Fiduciary Net Position  
 June 30, 2015

	<u>Trust Funds</u>	<u>Agency Funds</u>		<u>Total</u>
	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 84,328.04	\$ 81,418.34	\$ 339,851.58	\$ 505,597.96
Interfund Accounts Receivable:				
Due General Fund			5,676.07	5,676.07
Due Payroll Fund	53,763.58			53,763.58
<b>Total Assets</b>	<u>138,091.62</u>	<u>\$ 81,418.34</u>	<u>\$ 345,527.65</u>	<u>565,037.61</u>
<b>LIABILITIES:</b>				
Payable to Student Groups		\$ 81,418.34		81,418.34
Accounts Payable	7,431.05			7,431.05
Interfund Accounts Payable:				
Due Childcare Fund			\$ 5,532.17	5,532.17
Due Unemployment Trust Fund			53,763.58	53,763.58
Payroll Deductions and Withholdings			286,231.90	286,231.90
<b>Total Liabilities</b>	<u>7,431.05</u>	<u>\$ 81,418.34</u>	<u>\$ 345,527.65</u>	<u>434,377.04</u>
<b>NET POSITION:</b>				
Held in Trust for Unemployment Claims	<u>130,660.57</u>			<u>130,660.57</u>
<b>Total Net Position</b>	<u>\$ 130,660.57</u>			<u>\$ 130,660.57</u>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Fiduciary Funds  
 Statement of Changes in Fiduciary Net Position  
 For the Fiscal Year Ended June 30, 2015

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	Unemployment Compensation <u>Trust</u>
ADDITIONS:	
Payroll Deductions Withheld	\$ 53,763.58
Investment Earnings:	
Interest	<u>83.61</u>
Total Additions	<u>53,847.19</u>
DEDUCTIONS:	
Unemployment Claims	<u>72,539.87</u>
Change in Net Position	(18,692.68)
Net Position -- July 1	<u>149,353.25</u>
Net Position -- June 30	<u><u>\$ 130,660.57</u></u>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Fiduciary Funds  
 Student Activity Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2015

	Balance <u>June 30, 2014</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance <u>June 30, 2015</u>
<b>ELEMENTARY SCHOOLS:</b>				
Pomona	\$ 75.83	\$ 1,175.31	\$ 1,090.94	\$ 160.20
Arthur Rann	8,505.71	7,471.83	4,964.19	11,013.35
Reeds Road	13,733.14	11,135.13	10,485.41	14,382.86
Smithville	27,690.35	8,813.03	14,294.86	22,208.52
Roland Rogers	<u>5,746.27</u>	<u>10,644.40</u>	<u>6,532.30</u>	<u>9,858.37</u>
Total Elementary Schools	<u>55,751.30</u>	<u>39,239.70</u>	<u>37,367.70</u>	<u>57,623.30</u>
<b>MIDDLE SCHOOLS:</b>				
Galloway Township Middle	<u>18,098.47</u>	<u>41,374.81</u>	<u>35,678.24</u>	<u>23,795.04</u>
Total All Schools	<u>\$ 73,849.77</u>	<u>\$ 80,614.51</u>	<u>\$ 73,045.94</u>	<u>\$ 81,418.34</u>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Fiduciary Funds  
 Payroll Agency Fund Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2015

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 446,875.79	\$ 37,128,635.95	\$ 37,235,660.16	\$ 339,851.58
Interfund Accounts Receivable:				
Due General Fund	<u>5,676.07</u>	<u>607.00</u>	<u>607.00</u>	<u>5,676.07</u>
<b>Total Assets</b>	<u><u>\$ 452,551.86</u></u>	<u><u>\$ 37,129,242.95</u></u>	<u><u>\$ 37,236,267.16</u></u>	<u><u>\$ 345,527.65</u></u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 340,487.16	\$ 15,930,976.15	\$ 15,985,231.41	\$ 286,231.90
Net Payroll		21,140,932.74	21,140,932.74	
Contra		3,570.48	3,570.48	
Interfund Accounts Payable:				
Due Childcare Fund	5,532.17			5,532.17
Due Unemployment Fund	<u>106,532.53</u>	<u>53,763.58</u>	<u>106,532.53</u>	<u>53,763.58</u>
<b>Total Liabilities</b>	<u><u>\$ 452,551.86</u></u>	<u><u>\$ 37,129,242.95</u></u>	<u><u>\$ 37,236,267.16</u></u>	<u><u>\$ 345,527.65</u></u>

LONG-TERM DEBT

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Schedule of Serial Bonds  
 For the Fiscal Year Ended June 30, 2015

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2014</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance June 30, 2015</u>
Refunding Bonds	1-15-05	\$ 12,825,000.00	2-1-16	\$ 1,385,000.00	4.000%	\$ 2,765,000.00		\$ 1,380,000.00	\$ 1,385,000.00
School District Bonds -- Series 2009	7-1-09	2,366,000.00	3-1-16/24	169,000.00	4.750%	1,690,000.00		169,000.00	1,521,000.00
						<u>\$ 4,455,000.00</u>	<u>-</u>	<u>\$ 1,549,000.00</u>	<u>\$ 2,906,000.00</u>

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Schedule of Obligations Under Capital Leases  
 For the Fiscal Year Ended June 30, 2015

Series	Date of Lease	Term of Lease	Amount of Original Issue Principal	Interest	Interest Rate Payable	Amount Outstanding June 30, 2014(a)	Issued Current Year	Retired Current Year	Amount Outstanding June 30, 2015(a)
Six Digital Duplicators	9-24-09	5 Years	\$ 16,370.64	\$	2,709.36	6.20%	944.24	\$	944.24
Computer System	2-1-14	5 Years	107,051.14	8,959.96	4.19%	83,848.92		19,690.25	\$ 64,158.67
				\$ 84,793.16			-	\$ 20,634.49	\$ 64,158.67

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

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Budgetary Comparison Schedule  
 Debt Service Fund  
 For the Fiscal Year Ended June 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 893,774.00	-	\$ 893,774.00	\$ 893,774.00	-
Debt Service Aid Type II	674,340.00	-	674,340.00	674,340.00	-
Total Revenues	1,568,114.00	-	1,568,114.00	1,568,114.00	-
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	188,115.00		188,115.00	188,115.00	
Redemption of Principal	1,549,000.00		1,549,000.00	1,549,000.00	
Total Regular Debt Service	1,737,115.00	-	1,737,115.00	1,737,115.00	-
Total Expenditures	1,737,115.00	-	1,737,115.00	1,737,115.00	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(169,001.00)	-	(169,001.00)	(169,001.00)	
Other Financing Sources:					
Operating Transfer In from Capital Projects Fund	-	-	-	169,000.00	\$ 169,000.00
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(169,001.00)	-	(169,001.00)	(1.00)	169,000.00
Fund Balance, July 1	169,001.49	-	169,001.49	169,001.49	-
Fund Balance, June 30	\$ 0.49	-	\$ 0.49	\$ 169,000.49	\$ 169,000.00

STATISTICAL SECTION

## Financial Trends Information

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

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

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 29,504,631.91	\$ 27,754,527.02	\$ 26,880,038.62	\$ 27,208,755.45	\$ 26,313,227.28	\$ 21,984,624.78	\$ 18,485,992.78	\$ 19,062,976.99	\$ 17,435,624.43	\$ 15,588,625.00
Restricted	10,110,684.31	8,373,925.87	8,215,621.54	7,826,056.59	6,325,843.18	7,908,363.59	8,793,259.90	4,184,881.03	2,219,648.55	564,133.00
Unrestricted	(18,994,065.22)	(313,581.87)	(439,512.46)	(533,876.61)	(646,093.56)	(1,489,628.94)	(944,279.04)	(400,335.25)	(111,097.75)	1,470,770.00
<b>Total Governmental Activities Net Position</b>	<b>\$ 20,621,251.00</b>	<b>\$ 35,814,871.02</b>	<b>\$ 34,666,147.70</b>	<b>\$ 34,500,935.43</b>	<b>\$ 32,092,976.90</b>	<b>\$ 28,403,359.43</b>	<b>\$ 26,334,973.64</b>	<b>\$ 22,847,522.77</b>	<b>\$ 19,544,175.23</b>	<b>\$ 17,623,528.00</b>
<b>Business-type Activities:</b>										
Net Investment in Capital Assets	\$ 87,711.45	\$ 87,213.07	\$ 94,792.27	\$ 96,143.65	\$ 112,736.19	\$ 115,804.60	\$ 131,487.41	\$ 130,748.77	\$ 61,231.45	\$ 77,371.00
Restricted	367,730.64	170,171.91	76,324.09	33,925.31	115,496.34	175,476.16	183,857.48	198,440.84	307,560.85	209,482.00
Unrestricted	455,442.09	257,384.98	171,116.36	130,068.96	228,234.53	291,280.76	315,344.89	329,189.61	368,792.30	286,853.00
<b>Total Business-type Activities Net Position</b>	<b>\$ 29,592,343.36</b>	<b>\$ 27,841,740.09</b>	<b>\$ 26,974,830.89</b>	<b>\$ 27,304,899.10</b>	<b>\$ 26,425,963.47</b>	<b>\$ 22,100,429.38</b>	<b>\$ 18,617,480.19</b>	<b>\$ 19,193,725.76</b>	<b>\$ 17,496,855.88</b>	<b>\$ 15,665,996.00</b>
<b>District-wide:</b>										
Net Investment in Capital Assets	10,110,684.31	8,373,925.87	8,215,621.54	7,826,056.59	6,325,843.18	7,908,363.59	8,793,259.90	4,184,881.03	2,219,648.55	564,133.00
Restricted	(18,626,334.58)	(143,409.96)	(363,188.37)	(493,951.30)	(430,595.22)	(1,314,152.78)	(760,421.56)	(201,894.41)	196,463.10	1,680,252.00
Unrestricted	21,076,693.09	36,072,256.00	34,827,264.06	34,631,004.39	32,321,211.43	28,694,640.19	26,650,318.53	23,176,712.38	19,912,967.53	17,910,381.00
<b>Total District-wide Net Position</b>	<b>\$ 21,076,693.09</b>	<b>\$ 36,072,256.00</b>	<b>\$ 34,827,264.06</b>	<b>\$ 34,631,004.39</b>	<b>\$ 32,321,211.43</b>	<b>\$ 28,694,640.19</b>	<b>\$ 26,650,318.53</b>	<b>\$ 23,176,712.38</b>	<b>\$ 19,912,967.53</b>	<b>\$ 17,910,381.00</b>

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

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

Source: District Records

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

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Expenses:</b>										
Governmental Activities:										
Instruction:										
Regular	\$ 16,460,049.90	\$ 15,960,197.21	\$ 16,085,642.04	\$ 15,114,178.65	\$ 14,390,784.52	\$ 15,219,460.13	\$ 15,003,940.47	\$ 14,059,267.43	\$ 13,803,916.36	\$ 14,157,121.00
Special Education	8,545,879.18	8,668,154.14	8,364,138.16	7,125,795.88	8,034,148.76	7,989,094.22	7,574,621.65	8,046,849.04	6,801,642.61	6,482,904.00
Other Special Education	1,701,396.20	1,674,659.31	1,647,876.41	1,513,285.06	1,271,216.11	1,374,482.77	1,455,474.14	1,099,942.45	1,087,868.98	1,116,190.00
Other Instruction	85,188.77	87,156.16	83,385.89	80,099.82	49,136.36	107,338.55	107,688.68	99,840.44	107,258.59	132,648.00
Tuition	1,800,168.02	1,540,951.53	1,073,501.55	1,587,301.48	1,077,585.61	973,407.62	675,872.38	310,005.61	675,426.48	661,185.00
Support Services:										
Student and Instruction Related Services	5,471,561.47	5,172,731.41	5,208,472.29	4,935,163.87	4,826,853.64	6,131,638.97	5,410,727.19	5,144,001.50	4,396,410.19	4,861,327.00
School Administrative Services	1,973,487.26	1,804,811.83	1,789,785.38	1,749,480.54	1,732,908.29	1,837,171.21	1,795,050.50	1,745,179.32	1,843,205.27	1,680,650.00
General and Business Administrative Services	1,577,643.46	1,509,586.90	1,578,291.28	1,621,365.85	1,464,925.58	1,614,954.26	1,735,963.48	1,543,482.49	1,544,891.53	1,760,876.00
Plant Operations and Maintenance	3,772,617.40	3,705,773.93	3,510,017.33	3,319,336.33	3,439,660.26	3,851,643.25	3,937,064.93	3,487,949.94	3,818,884.55	3,180,887.00
Pupil Transportation	3,823,458.95	3,664,814.41	3,615,225.70	3,521,741.47	3,416,511.12	3,729,345.98	3,499,441.20	3,236,679.17	3,292,457.18	3,048,468.00
Unallocated Benefits	12,139,957.29	15,881,418.52	16,250,536.62	14,878,676.20	13,573,815.01	13,748,403.09	13,081,137.73	12,993,889.35	12,769,610.30	10,508,717.00
Reimbursed TPAF and Social Security	5,166,151.40									
Transfer to Charter School	739,010.00	732,959.00	855,139.00	1,112,099.00	1,237,362.00	1,815,653.00	1,597,496.00	1,192,085.00	1,199,199.71	1,185,347.00
Interest on Long-term Debt	217,409.41	302,519.26	488,083.95	387,342.55	531,499.97	573,968.95	579,059.15	679,536.52	789,224.04	891,020.00
Unallocated Depreciation	4,442.53	4,442.53	4,442.53	4,442.53	4,442.53	1,825.93	1,825.93	1,825.93	293,412.45	256,028.00
<b>Total Governmental Activities Expenses</b>	<b>63,278,431.24</b>	<b>60,710,196.14</b>	<b>60,551,548.13</b>	<b>56,970,309.23</b>	<b>55,050,859.76</b>	<b>58,988,387.93</b>	<b>56,455,373.43</b>	<b>53,640,636.19</b>	<b>52,423,409.24</b>	<b>49,923,368.00</b>
Business-type Activities:										
Food Service	1,670,911.59	1,733,933.38	1,758,664.36	1,830,309.28	1,773,107.15	1,769,163.62	1,785,332.05	1,783,152.24	1,659,626.15	1,677,841.00
Gifted and Talented Consortium	190,065.80	31,617.53	28,463.29	24,888.49	24,978.03	27,109.19	28,047.28	26,552.11	23,799.69	21,805.00
Childcare Program	30,375.65	243,731.57	234,815.91	267,722.19	265,363.90	299,527.54	367,744.17	375,413.49	352,239.93	334,068.00
Community Education	24,236.77	33,256.01	22,343.44	37,541.55	51,047.91	45,356.21	58,592.60	47,817.62	38,331.43	40,425.00
<b>Total Business-type Activities Expense</b>	<b>1,915,589.81</b>	<b>2,042,538.49</b>	<b>2,044,287.00</b>	<b>2,150,461.51</b>	<b>2,114,496.99</b>	<b>2,141,156.56</b>	<b>2,239,716.10</b>	<b>2,232,735.46</b>	<b>2,073,997.20</b>	<b>2,074,139.00</b>
<b>Total District Expenses</b>	<b>\$ 65,194,021.05</b>	<b>\$ 62,752,694.63</b>	<b>\$ 62,595,835.13</b>	<b>\$ 59,120,770.74</b>	<b>\$ 57,165,356.75</b>	<b>\$ 61,109,544.49</b>	<b>\$ 58,695,089.53</b>	<b>\$ 55,873,371.65</b>	<b>\$ 54,497,406.44</b>	<b>\$ 51,997,507.00</b>

(Continued)

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

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Program Revenues:</b>										
Governmental Activities:										
Operating Grants and Contributions	\$ 7,168,408.69	\$ 6,605,629.07	\$ 7,083,244.90	\$ 5,799,743.72	\$ 6,012,591.95	\$ 5,770,794.59	\$ 5,317,020.01	\$ 7,410,719.67	\$ 6,499,263.34	\$ 5,107,644.00
Charges for Services	548,979.47	242,050.23	184,037.85	125,926.88	122,210.84	2,071.30	21,394.33	46,474.06	67,647.22	61,111.00
Total Governmental Activities Program Revenues	7,717,388.16	6,847,679.30	7,267,282.75	5,925,670.60	6,134,802.79	5,772,865.89	5,338,414.34	7,457,193.73	6,566,910.56	5,168,755.00
Business-type activities:										
Charges for Services:										
Food service	550,464.20	610,028.19	649,570.14	738,040.81	815,688.89	877,688.56	906,821.90	942,137.35	1,002,122.59	1,007,411.00
Gifted and Talented Consortium	36,210.00	38,480.00	33,235.00	28,645.00	27,540.00	29,485.00	33,829.39	33,325.00	30,760.00	24,055.00
Childcare Program	394,120.24	317,753.21	269,128.17	234,956.43	257,070.08	287,336.75	301,932.72	333,584.69	355,266.68	362,519.00
Community Education and Recreation	27,864.10	27,125.00	23,715.00	21,937.00	33,306.90	39,664.77	57,080.41	55,207.60	55,727.59	47,369.00
Capital Grants and Contributions							3,097.00	6,000.00		
Operating Grants and Contributions	1,014,522.51	1,055,018.89	1,035,508.52	1,012,830.38	915,112.25	843,897.00	861,848.76	772,145.28	644,990.26	617,608.00
Total Business-type Activities Program Revenues	2,023,181.05	2,048,405.29	2,011,156.83	2,036,409.62	2,048,718.12	2,078,052.08	2,184,610.18	2,142,399.92	2,088,867.12	2,058,982.00
Total District Program Revenues	\$ 9,740,569.21	\$ 8,896,084.59	\$ 9,278,439.58	\$ 7,962,080.22	\$ 8,183,520.91	\$ 7,850,917.97	\$ 7,503,024.52	\$ 9,599,593.65	\$ 8,655,777.68	\$ 7,227,717.00
<b>Net (Expense)/Revenue:</b>										
Governmental Activities	\$ (55,561,043.08)	\$ 6,847,679.30	\$ (53,442,873.39)	\$ (54,625,877.53)	\$ (50,835,506.44)	\$ (49,277,993.87)	\$ (63,629,973.59)	\$ (48,998,179.70)	\$ (47,073,725.63)	\$ (47,254,654.24)
Business-type Activities	107,591.24	2,048,405.29	(31,381.66)	(7,877.38)	(101,743.39)	(36,444.91)	23,453.62	(97,316.18)	(143,868.34)	(15,035.20)
Total District-wide Net Expense	\$ (55,453,451.84)	\$ 8,896,084.59	\$ (53,474,255.05)	\$ (54,633,754.91)	\$ (50,937,249.83)	\$ (49,314,438.78)	\$ (63,606,519.97)	\$ (49,095,495.88)	\$ (47,217,593.97)	\$ (47,269,689.44)
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 30,454,298.00	\$ 29,255,010.00	\$ 27,975,500.00	\$ 27,975,500.00	\$ 27,320,616.00	\$ 27,820,785.00	\$ 27,000,639.00	\$ 26,883,000.00	\$ 26,335,007.00	\$ 23,599,910.00
Taxes Levied for Debt Service	893,774.00	938,830.00	1,153,968.00	1,197,788.00	1,602,301.00	1,816,350.00	1,612,913.00	1,649,411.00	1,644,990.00	1,628,255.00
Restricted and Unrestricted Grants and Contributions	25,115,182.13	24,622,892.32	24,170,791.50	24,017,571.68	23,007,597.61	24,597,097.84	24,158,178.12	20,759,755.04	19,586,419.25	19,484,200.00
Investment Earnings				42,942.01	103,727.97	163,574.08	126,282.00	202,436.40	311,453.14	263,014.00
Other	302,466.90	284,618.11	212,683.29	239,256.85	572,312.60	898,493.63	1,683,854.73	36,985.79	54,413.57	102,299.00
Donated Assets					3,989.00					
Transfers	(91,462.97)	(80,150.27)	(73,465.14)	(20,461.38)	(4,879.74)	(32,392.72)	22,543.11	(44,798.23)	(155,137.59)	(110,462.00)
Total Governmental Activities	56,674,258.06	55,021,200.16	53,439,477.65	53,452,597.16	52,605,674.44	55,283,907.83	54,604,409.96	49,486,790.00	47,777,145.37	44,967,216.00
Business-type Activities:										
Investment Earnings	650.49	401.82	354.60	886.32	2,779.90	4,040.35	4,361.20	9,432.85	17,069.79	11,417.00
Transfers	89,815.38	80,000.00	73,822.97	15,000.00	(47.26)	35,000.00	56,900.00	41,300.00	50,000.00	85,000.00
Total Business-type Activities	90,465.87	80,401.82	74,177.57	15,886.32	2,732.64	39,040.35	61,261.20	50,732.85	67,069.79	96,417.00
Total District-wide	\$ 56,764,723.93	\$ 55,101,601.98	\$ 53,513,655.22	\$ 53,468,483.48	\$ 52,608,407.08	\$ 55,302,948.18	\$ 54,665,671.16	\$ 49,537,522.85	\$ 47,844,215.16	\$ 45,063,633.00
<b>Change in Net Position:</b>										
Governmental Activities	\$ 1,113,214.98	\$ 61,868,879.46	\$ (3,395.74)	\$ (1,173,280.37)	\$ 1,770,168.00	\$ 5,985,913.96	\$ 974,436.37	\$ 488,610.30	\$ 703,419.74	\$ (2,287,438.24)
Business-type Activities	198,057.11	2,128,807.11	42,795.91	8,008.94	(99,010.75)	2,595.44	84,714.82	(46,583.33)	(76,798.55)	81,381.80
Total District	\$ 1,311,272.09	\$ 63,997,686.57	\$ 39,400.17	\$ (1,165,271.43)	\$ 1,671,157.25	\$ 5,988,509.40	\$ 1,059,151.19	\$ 442,026.97	\$ 626,621.19	\$ (2,206,056.44)

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

For the fiscal year ended June 30, 2015, the School District adopted GASBS Nos. 68 and 71, which required the School District to record its proportionate share of the net pension liability and related deferred outflows and inflows of resources in the government-wide financial statements. Balances prior to June 30, 2015 are shown as originally reported and have not been restated for this adoption.

Source: District Records

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

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund:										
Restricted	\$ 9,351,513.26	\$ 7,458,757.42	\$ 6,829,713.07	\$ 6,660,667.35	\$ 3,066,010.27	\$ 2,223,944.67	\$ 4,917,031.30	\$ 4,162,039.97	\$ 2,069,995.46	\$ 1,671,657.00
Assigned	515,662.82	415,983.60	918,122.16	731,173.95	1,566,778.27	368,129.28	2,192,922.33	1,180,992.17	1,387,382.91	1,523,708.00
Unassigned	(676,986.94)	1,452,987.05	1,072,889.31	1,035,252.93	989,103.63	368,129.28	2,192,922.33	1,180,992.17	1,387,382.91	1,523,708.00
<b>Total General Fund</b>	<b>\$ 9,190,089.74</b>	<b>\$ 9,327,728.07</b>	<b>\$ 8,820,724.54</b>	<b>\$ 8,427,094.23</b>	<b>\$ 5,621,892.17</b>	<b>\$ 2,582,073.95</b>	<b>\$ 7,109,953.63</b>	<b>\$ 5,343,032.14</b>	<b>\$ 3,457,378.37</b>	<b>\$ 3,195,365.00</b>
All Other Governmental Funds:										
Reserved						\$ 1,672,991.00	\$ 1,595,000.00			
Restricted for:										
Capital Projects Fund	\$ 206,521.68	\$ 415,874.63	\$ 1,108,933.43	\$ 1,277,933.43	\$ 3,327,190.53	3,624,853.18	771,000.00		\$ 0.47	\$ 202,679.00
Debt Service Fund	169,000.49	169,001.49	169,000.99	1.25	0.75	274,000.50	1.00	\$ 0.97	\$ 0.47	71,001.00
Unassigned:										
Special Revenue Fund	17,003.00	(10,230.00)	(10,230.00)	(10,230.00)	(10,230.00)	(10,230.00)	(10,230.00)	10,619.87	(11,279.55)	(11,280.00)
<b>Total All Other Governmental Funds</b>	<b>\$ 392,525.17</b>	<b>\$ 574,646.12</b>	<b>\$ 1,267,704.42</b>	<b>\$ 1,267,704.68</b>	<b>\$ 3,316,961.28</b>	<b>\$ 5,561,614.68</b>	<b>\$ 2,355,771.00</b>	<b>\$ 10,620.84</b>	<b>\$ (11,279.08)</b>	<b>\$ 262,400.00</b>

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

Source: District Records

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

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues:</b>										
Tax Levy	\$ 31,348,072.00	\$ 30,193,840.00	\$ 29,129,468.00	\$ 29,173,288.00	\$ 28,922,917.00	\$ 29,637,135.00	\$ 28,613,552.00	\$ 28,532,411.00	\$ 27,979,987.00	\$ 25,228,165.00
Other Local Revenue	870,784.50	577,319.59	441,598.15	427,082.47	829,707.72	1,060,917.24	1,849,878.03	302,491.15	451,077.97	431,136.18
Slate Sources	30,547,534.71	29,433,375.08	29,504,001.74	27,499,178.74	26,682,179.10	24,685,510.94	27,969,134.31	26,522,243.37	24,667,772.13	22,874,823.48
Federal Sources	1,716,717.98	1,744,495.06	1,705,157.65	2,299,179.93	2,306,554.15	5,685,603.26	1,487,716.85	1,631,636.44	1,400,346.42	1,612,309.23
<b>Total Revenue</b>	<b>64,483,109.19</b>	<b>61,949,029.73</b>	<b>60,780,225.54</b>	<b>59,398,729.14</b>	<b>58,741,357.97</b>	<b>61,069,166.44</b>	<b>59,920,281.19</b>	<b>59,988,781.96</b>	<b>54,499,193.52</b>	<b>50,246,433.89</b>
<b>Expenditures:</b>										
Instruction										
Regular Instruction	15,169,722.05	14,694,960.85	14,802,353.48	14,122,078.67	13,469,315.29	14,312,518.54	14,102,007.01	13,052,193.12	13,162,481.67	13,458,182.59
Special Education Instruction	7,875,954.97	7,981,034.76	7,828,659.01	6,688,925.40	7,515,955.95	7,500,741.03	7,109,988.15	7,488,380.39	6,492,014.48	6,162,842.54
Other Special Instruction	1,701,396.20	1,674,659.31	1,647,876.41	1,513,285.06	1,271,216.11	1,374,482.77	1,455,474.14	1,099,942.45	1,116,190.19	1,116,190.19
Other Instruction	85,188.77	87,156.16	83,385.89	80,099.62	49,136.36	107,338.55	107,698.68	99,940.44	97,499.34	132,647.25
Tuition	1,600,168.02	1,540,951.53	1,073,501.55	1,597,301.48	1,077,595.61	973,407.62	675,872.38	310,005.61	675,426.48	661,185.34
Support Services:										
Student and Instruction Related Services	5,463,738.22	5,164,908.16	5,200,649.03	4,927,340.62	4,671,434.98	6,121,878.72	5,400,966.94	5,134,241.25	4,550,634.57	4,851,566.44
School Administrative Services	1,895,569.37	1,737,279.54	1,733,063.13	1,733,063.13	1,717,604.08	1,821,310.50	1,781,907.42	1,737,516.99	1,688,980.89	1,672,987.69
Other Administrative Services	1,557,776.35	1,533,662.92	1,557,549.23	1,585,435.34	1,428,802.47	1,577,957.02	1,686,821.29	1,527,758.29	1,548,284.31	1,759,297.84
Plant Operations and Maintenance	3,606,700.96	3,656,043.31	3,459,950.21	3,280,615.91	3,404,653.96	3,817,166.16	3,908,487.06	3,463,828.42	3,800,617.25	3,154,704.38
Pupil Transportation	3,823,458.95	3,664,814.41	3,615,252.70	3,521,741.47	3,416,511.12	3,729,345.98	3,489,441.20	3,236,679.17	3,292,457.18	3,048,467.74
Unallocated Benefits	11,805,331.29	11,424,206.21	11,267,396.09	10,878,140.29	10,365,984.54	10,411,281.08	9,809,532.84	8,795,848.02	8,697,281.87	7,980,226.46
On-behalf of Pension and Social Security	5,166,151.40	4,457,212.31	4,983,140.53	4,000,535.91	3,309,608.37	3,337,122.01	3,271,604.89	4,198,041.33	4,072,328.43	2,528,490.76
Transfers to Charter School	739,010.00	732,959.00	885,139.00	1,112,099.00	1,237,362.00	1,815,653.00	1,597,496.00	1,192,085.00	1,199,199.71	1,185,346.60
Debt Service:										
Principal	1,549,000.00	1,559,000.00	1,579,000.00	1,574,000.00	2,504,000.00	2,345,000.00	2,390,000.00	2,330,000.00	2,320,000.00	2,140,000.00
Interest and Other Charges	188,115.00	251,742.50	307,146.26	385,212.50	561,030.75	491,652.50	576,429.97	688,472.50	796,437.50	894,227.00
Capital Outlay	2,484,123.95	2,001,394.40	278,789.99	1,652,447.90	1,941,101.82	2,638,324.88	728,580.45	684,497.06	874,209.97	1,520,860.55
<b>Total Expenditures</b>	<b>64,711,405.50</b>	<b>62,161,985.37</b>	<b>60,313,130.35</b>	<b>58,622,322.30</b>	<b>57,941,313.41</b>	<b>62,375,180.36</b>	<b>58,112,308.42</b>	<b>55,036,430.04</b>	<b>54,355,722.63</b>	<b>52,267,223.17</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(228,296.31)	(212,955.64)	467,095.19	776,406.84	800,044.56	(1,306,013.92)	1,807,972.77	1,952,351.92	143,470.89	
<b>Other Financing Sources (Uses):</b>										
Capital Leases (Non-budgeted)		107,051.14				16,370.64				
Sale of Bonds		(150.27)	357.83	(5,461.38)	(4,879.74)	2,607.28	2,366,000.00	(3,498.23)	(105,137.59)	(25,461.99)
Accounts Receivable/Payable Canceled							(5,001.12)		711,742.52	
Transfers In										
Transfers Out	(89,815.38)	(80,000.00)	(73,822.97)	(15,000.00)		(35,000.00)	(56,900.00)	(41,300.00)	(761,742.52)	(85,000.00)
<b>Total Other Financing Sources (Uses)</b>	<b>(91,462.97)</b>	<b>26,900.87</b>	<b>(73,465.14)</b>	<b>(20,461.38)</b>	<b>(4,879.74)</b>	<b>(16,022.08)</b>	<b>2,304,098.88</b>	<b>(44,798.23)</b>	<b>(155,137.59)</b>	<b>(110,461.99)</b>
<b>Net Change in Fund Balances</b>	<b>(319,759.28)</b>	<b>(186,054.77)</b>	<b>383,630.05</b>	<b>755,945.46</b>	<b>795,164.82</b>	<b>(1,322,036.00)</b>	<b>4,112,071.65</b>	<b>1,907,553.69</b>	<b>(11,666.70)</b>	<b>(110,461.99)</b>
Debt Service as a Percentage of Noncapital Expenditures	2.8%	3.0%	3.1%	3.4%	5.5%	4.7%	5.2%	5.6%	5.8%	6.0%

Source: District Records

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

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Rentals										
Prior Year Tuition Adjustments										
Jury Duty	\$ 1,176.00	\$ 60.00	\$ 30.00	\$ 400.00	\$ 4,356.34	\$ 4,808.43	\$ 6,149.69	\$ 8,368.75	\$ 8,368.75	\$ 6,887.71
Settlement		6,252.30		15.00	55.00					1,838.00
Restitution		400.00		12.72	17,340.38	27,587.00				250.00
Lost Book Fines				16.99						
Miscellaneous Refunds		5,191.97	2,596.34	121,477.20	2,815.31	5,180.47	2,182.15			
Energy Credits	131,072.70	18,018.00	38,359.70	33,399.11	177,204.30					
Insurance Refunds			173.32							
Rebates	107,318.27	86,115.75	74,239.67	12,813.67	33,820.11	44,217.58	24,562.31	15,975.08	20,862.29	13,973.36
Other	10,517.14	10,689.93	2,932.63	2,093.30	71,605.00	740,000.00	1,600,000.00	4,191.14	4,019.86	1,644.29
FEIMA Reimbursement	7,269.61	209.23	34,366.41							
Sale of Board Assets					514.80					
Service Fees		66,418.75	35,561.75	48,775.10						
Cancellation of Outstanding Checks			713.04			5,461.99	5,469.90	2,864.19	4,964.96	730.00
Prior Year Refunds	28,315.68	53,739.04	2,825.00	20,253.76	264,601.36	71,238.16	45,490.68	13,955.38	16,197.71	9,779.43
Cancellation of Accounts Payable - State										61,579.67
Interest Earned on Deposits	16,797.50	37,523.14	20,865.43	42,942.01	103,727.97	163,574.08	126,282.00	202,436.40	311,453.14	268,631.34
<b>Total Miscellaneous Revenues</b>	<b>\$ 302,466.90</b>	<b>\$ 284,618.11</b>	<b>\$ 212,683.29</b>	<b>\$ 282,198.86</b>	<b>\$ 676,040.57</b>	<b>\$ 1,062,067.71</b>	<b>\$ 1,810,136.73</b>	<b>\$ 239,422.19</b>	<b>\$ 365,866.71</b>	<b>\$ 365,313.80</b>

Source: District Records

## Revenue Capacity Information

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

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

Year Ended Dec. 31	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (1)	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
2015	\$ 75,290,000.00	\$ 2,223,810,300.00	\$ 33,028,300.00	\$ 303,890,100.00	\$ 7,080,600.00	\$ 61,759,900.00	\$ 2,704,859,200.00	\$ 5,670,946.00	\$ 2,710,530,146.00	\$ 819,831,440.00	\$ 2,995,060,935.00	\$ 1,158
2014	79,309,200.00	2,219,575,900.00	32,008,100.00	306,583,000.00	7,874,400.00	61,759,900.00	2,707,110,500.00	6,299,272.00	2,713,409,772.00	815,827,497.00	2,851,397,012.00	1,135
2013	125,817,700.00	2,904,657,900.00	37,982,000.00	375,739,500.00	12,455,200.00	64,640,000.00	3,521,292,300.00	7,868,387.00	3,529,160,687.00	832,418,720.00	3,173,644,077.00	0,840
2012	129,441,200.00	2,965,724,000.00	36,956,800.00	391,367,700.00	15,808,000.00	71,190,000.00	3,610,487,700.00	8,862,297.00	3,619,349,997.00	836,050,320.00	3,382,204,077.00	0,806
2011	133,115,900.00	2,983,452,800.00	33,210,100.00	399,923,200.00	15,808,000.00	71,190,000.00	3,636,700,000.00	9,156,678.00	3,645,856,678.00	828,458,120.00	3,574,548,835.00	0,797
2010	136,666,800.00	2,985,184,800.00	34,694,100.00	431,936,100.00	17,058,000.00	71,190,000.00	3,676,729,800.00	10,247,088.00	3,686,976,888.00	802,868,920.00	3,795,529,018.00	0,794
2009 (3)	141,348,000.00	2,976,695,800.00	33,723,900.00	434,765,900.00	17,351,800.00	71,190,000.00	3,675,075,400.00	10,546,907.00	3,685,622,307.00	806,960,920.00	3,793,824,033.00	0,791
2008	64,965,900.00	1,596,589,100.00	16,130,600.00	195,138,700.00	6,752,100.00	39,586,300.00	1,919,162,700.00	5,233,920.00	1,924,396,620.00	428,482,200.00	3,963,741,750.00	1,485
2007	62,172,400.00	1,575,075,500.00	15,346,100.00	191,445,400.00	11,426,300.00	39,586,300.00	1,895,052,000.00	5,399,760.00	1,900,451,760.00	424,529,000.00	3,617,860,776.00	1,494
2006	68,235,300.00	1,513,502,900.00	14,202,100.00	178,623,200.00	11,426,300.00	40,396,300.00	1,826,386,100.00	6,184,397.00	1,832,570,497.00	418,935,100.00	2,998,315,603.00	1,445

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

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

(3) Revaluation

Source: Atlantic County Board of Taxation

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

Year Ended Dec. 31	District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Regional High School District	Township of Galloway	Atlantic County	
2015	\$ 1.125	\$ 0.033	\$ 1.158	\$ 0.662	\$ 0.673	0.549	\$ 3.042
2014	1.100	0.035	1.135	0.645	0.684	0.477	2.941
2013	0.807	0.033	0.840	0.470	0.480	0.415	2.205
2012	0.773	0.033	0.806	0.449	0.450	0.349	2.054
2011	0.753	0.044	0.797	0.433	0.434	0.355	2.019
2010	0.745	0.049	0.794	0.437	0.409	0.329	1.969
2009	(1)	0.045	0.791	0.399	0.384	0.321	1.895
2008	1.400	0.085	1.485	0.765	0.677	0.590	3.517
2007	1.408	0.086	1.494	0.736	0.608	0.582	3.420
2006	1.352	0.093	1.445	0.749	0.579	0.596	3.369

(1) Revaluation

Source: Municipal Tax Collector

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

	2015			2006		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Marriott Resorts, Inc. (Seaview Hotel Invest)	\$ 39,425,200.00	1	1.45%	\$ 42,850,600.00	1	2.34%
Galloway Apartments, LLC	37,000,000.00	2	1.37%	24,499,500.00	2	1.34%
JSM at Galloway	31,041,300.00	3	1.15%	21,123,100.00	3	1.15%
Galloway Sen Prop	10,369,500.00	4	0.38%			
300 E. Jimmie Leeds Rd., LLC	9,200,000.00	5	0.34%			
Galloway National	7,883,500.00	6	0.29%	5,609,400.00	9	0.31%
Galloway Real Property LLC	7,800,000.00	7	0.29%			
Route 27 Acquisition LLC	7,275,000.00	8	0.27%			
Verizon (NJ Bell Telephone)	6,574,346.00	9	0.24%	9,542,975.00	6	0.52%
Ole Hansen & Son (Atlantic Utility Co.)	5,859,000.00	10	0.22%	12,033,900.00	4	0.66%
K. Hovnanian				7,106,900.00	5	0.39%
Lenox				8,087,700.00	7	0.44%
Galloway Healthcare LP				7,004,600.00	8	0.38%
Galloway Village Square				4,775,000.00	10	0.26%
<b>Total</b>	<b>\$ 162,427,846.00</b>		<b>5.99%</b>	<b>\$ 142,633,675.00</b>		<b>7.78%</b>

Source: Municipal Tax Assessor

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

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<u>Fiscal Year Ended June 30,</u>	<u>School District Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (1)</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2015	\$ 31,348,072.00	\$ 31,348,072.00	100.00%	
2014	30,193,840.00	30,193,840.00	100.00%	
2013	29,129,468.00	29,129,468.00	100.00%	
2012	29,173,288.00	29,173,288.00	100.00%	
2011	28,922,917.00	28,922,917.00	100.00%	
2010	29,637,135.00	29,637,135.00	100.00%	
2009	28,613,552.00	28,613,552.00	100.00%	
2008	28,532,411.00	28,395,915.18	99.52%	\$ 134,495.82
2007	27,979,997.00	27,719,216.08	99.07%	260,780.92
2006	25,228,165.00	25,228,165.00	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 GALLOWAY SCHOOL DISTRICT**  
 Ratios of Outstanding Debt by Type  
 Last Ten Fiscal Years  
*Unaudited*

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities			Percentage of Personal Income (2)	Per Capita (3)
	General Obligation Bonds (1)	Certificates of Participation	Capital Leases (1)	Bond Anticipation Notes	Capital Leases (1)	Total District Debt	Unavailable		
2015	\$ 2,906,000.00	-	\$ 64,158.67	-	-	\$ 2,970,158.67	Unavailable	Unavailable	
2014	4,455,000.00	-	84,793.16	-	-	4,539,793.16	Unavailable	\$ 120.79	
2013	6,014,000.00	-	4,578.54	-	-	6,018,578.54	0.38%	159.72	
2012	7,593,000.00	-	7,994.99	-	-	7,600,994.99	0.48%	203.25	
2011	9,167,000.00	-	11,206.60	-	-	9,178,206.60	0.59%	245.91	
2010	11,671,000.00	-	14,225.69	-	\$ 12,501.25	11,697,726.94	0.79%	313.02	
2009	14,016,000.00	-	416,711.60	-	36,100.25	14,468,811.85	1.00%	395.56	
2008	14,040,000.00	-	819,448.24	-	60,760.51	14,920,208.75	1.03%	410.14	
2007	16,370,000.00	-	1,208,678.58	-	6,262.29	17,584,940.87	1.26%	489.04	
2006	18,690,000.00	-	1,584,855.58	-	9,385.58	20,284,241.16	1.49%	565.35	

13 Sources:

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable (2)	Per Capita (3)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding (1)		
2015	\$ 2,906,000.00	-	\$ 2,906,000.00	0.11%	Unavailable
2014	4,455,000.00	-	4,455,000.00	0.16%	\$ 118.54
2013	6,014,000.00	-	6,014,000.00	0.17%	159.59
2012	7,593,000.00	-	7,593,000.00	0.21%	203.04
2011	9,167,000.00	-	9,167,000.00	0.25%	245.61
2010	11,671,000.00	-	11,671,000.00	0.32%	312.31
2009	14,016,000.00	-	14,016,000.00	0.38%	383.18
2008	14,040,000.00	-	14,040,000.00	0.73%	385.95
2007	16,370,000.00	-	16,370,000.00	0.86%	455.25
2006	18,690,000.00	-	18,690,000.00	1.02%	520.92

**Sources:**

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

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Direct and Overlapping Governmental Activities Debt  
 As of December 31, 2014  
*Unaudited*

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Galloway Township</u>
Municipal Debt: (1)				
Galloway Township School District	\$ 4,455,000.00	\$ 4,455,000.00		
Greater Egg Harbor Regional High School District	20,345,005.54	20,345,005.54		
Galloway Township	31,218,101.84	9,816,725.15	\$ 21,401,376.69	\$ 21,401,376.69
	<u>56,018,107.38</u>	<u>34,616,730.69</u>	<u>21,401,376.69</u>	<u>21,401,376.69</u>
Overlapping Debt Apportioned to the Municipality: County of Atlantic: (2)				
General:				
Bonds	153,783,190.72	11,620,000.00 (3)	142,163,190.72	9,824,658.20 (4)
Bonds Issued by Other Public Bodies Guaranteed by the County	<u>5,230,000.00</u>		<u>5,230,000.00</u>	<u>361,436.47 (4)</u>
	159,013,190.72	11,620,000.00	147,393,190.72	10,186,094.68
	<u>\$ 215,031,298.10</u>	<u>\$ 46,236,730.69</u>	<u>\$ 168,794,567.41</u>	<u>\$ 31,587,471.37</u>

Sources:

- (1) 2014 Annual Debt Statement
- (2) County's 2014 Annual Debt Statement
- (3) Includes County College Bonds
- (4) Such debt is allocated as a proportion of the Township's share of the total 2014 Equalized Value, which is 6.91%.  
 The source for this computation was the 2014 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.



## Demographic and Economic Information

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

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

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<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2014	37,583	Unavailable	Unavailable	9.5%
2013	37,683	\$ 1,598,701,275.00	\$ 42,425.00	10.8%
2012	37,397	1,581,444,336.00	42,288.00	12.2%
2011	37,324	1,545,101,628.00	41,397.00	11.5%
2010	37,370	1,488,633,950.00	39,835.00	10.8%
2009	36,578	1,442,307,118.00	39,431.00	10.7%
2008	36,378	1,448,899,362.00	39,829.00	6.6%
2007	35,958	1,399,053,864.00	38,908.00	5.4%
2006	35,879	1,359,096,520.00	37,880.00	5.2%
2005	35,446	1,288,462,100.00	36,350.00	4.5%

## Sources:

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

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

	2015			2006		
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
Atlantic City Medical Center	3,500	1	19%	3,500	1	18%
Federal Aviation Administration	3,000	2	16%	3,000	2	16%
Richard Stockton College	840	3	4%	840	3	4%
Marriott Corporation/Marriott Country Club	550	4	3%	550	4	3%
Betty Bacharach Rehabilitation Center	525	5	3%	525	5	3%
Ole Hansen & Sons	400	6	2%			
Renault Winery	290	7	2%	290	7	
Village of Smithville	200	8	1%	200	8	1%
Blue Heron Pines	< 200	9,10		110	9	1%
Lenox China	< 200	9,10		490	6	3%
	<u>9,305</u>		<u>49.47%</u>	<u>9,505</u>		<u>48.54%</u>

Source: Township of Galloway

## Operating Information

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

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

Function/Program	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Instruction	205	203	206	212	212	245	254	260	259	266
Regular	85	84	79	74	74	85	82	82	82	80
Special education	47	47	47	42	30	30	27	26	25	27
Other special education	30	30	29	26	23	38	40	47	47	47
Support Services:										
Student & instruction related services	68	66	66	62	70	18	18	18	19	18
General administrative services	3	3	3	3	3	32	32	32	32	32
School administrative services	23	23	23	23	23	15	15	15	15	15
Business administrative services	6	6	6	6	6	1	1	1	1	1
Plant operations and maintenance	48	47	47	47	46	46	46	45	45	45
Pupil transportation	2	2	2	2	2	2	2	2	2	2
Food Service	24	26	27	35	36	36	36	35	35	35
Community Education and Recreation	2	2	2	2	2	2	2	2	2	2
<b>Total</b>	<b>543</b>	<b>539</b>	<b>537</b>	<b>534</b>	<b>527</b>	<b>550</b>	<b>555</b>	<b>565</b>	<b>564</b>	<b>569</b>

Source: District Records

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

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2015	3,282	\$ 60,490,166.55	\$ 18,430.89	8.97%	341	9.6/1	9.6/1	3,268.4	3,126.4	-4.78%	95.66%
2014	3,450	58,349,848.47	16,913.00	2.62%	313	11.5/1	11.5/1	3,339.8	3,191.9	-3.83%	95.57%
2013	3,528	58,148,194.10	16,481.91	6.84%	314	11.5/1	11.5/1	3,404.2	3,207.0	-2.81%	94.21%
2012	3,566	55,010,661.90	15,426.43	5.44%	312	11.6/1	11.6/1	3,432.4	3,285.4	-3.26%	95.72%
2011	3,618	52,935,180.84	14,631.06	-5.58%	309	11.7/1	11.7/1	3,472.7	3,336.9	-5.65%	96.09%
2010	3,672	56,900,202.98	15,495.70	6.01%	335	11.0/1	11.0/1	3,502.7	3,348.7	-4.83%	95.60%
2009	3,723	54,417,298.00	14,616.52	9.54%	336	10.5/1	10.6/1	3,548.2	3,393.4	-3.59%	95.64%
2008	3,847	51,333,460.48	13,343.76	5.50%	342	10.5/1	10.6/1	3,680.5	3,515.6	-3.12%	95.52%
2007	3,982	50,365,075.16	12,648.19	7.42%	330	10.2/1	12.1/1	3,798.9	3,615.8	-2.02%	95.18%
2006	4,052	47,712,135.62	11,774.96	3.43%	338	12.1/1	12.1/1	3,877.4	3,690.6	-0.77%	95.18%

Sources: District Records

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

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>District Building</b>										
<b>Elementary</b>										
Arthur Rann (1965, 1978, 1984, 1987)	71,531	71,531	71,531	71,531	71,531	71,531	71,531	71,531	71,531	71,531
Square Feet	740	740	740	740	740	740	740	740	740	740
Capacity (students)	647	656	654	657	645	627	624	638	651	655
Enrollment	n/a	n/a	n/a	n/a	n/a	16,838	16,838	16,838	16,838	16,838
Cologne (1930, 1965)	n/a	n/a	n/a	n/a	n/a	180	180	180	180	180
Square Feet	n/a	n/a	n/a	n/a	n/a	closed	closed	closed	closed	closed
Capacity (students)	n/a	n/a	n/a	n/a	n/a	14,260	14,260	14,260	14,260	14,260
Enrollment	demolished	demolished	demolished	demolished	demolished	180	180	180	180	180
Oceanville (1927, 1953)	14,260	14,260	14,260	14,260	14,260	14,260	14,260	14,260	14,260	14,260
Square Feet	180	180	180	180	180	180	180	180	180	180
Capacity (students)	(A)	(A)	(A)	(A)	(A)	139	129	161	147	154
Enrollment						16,838	16,838	16,838	16,838	16,838
Pomona (1930, 1965, 1979)	16,838	16,838	16,838	16,838	16,838	16,838	16,838	16,838	16,838	16,838
Square Feet	180	180	180	180	180	180	180	180	180	180
Capacity (students)	107	85	92	72	94	185	175	181	198	186
Enrollment						71,643	71,643	71,643	71,643	71,643
Reeds Road School (1988)	71,643	71,643	71,643	71,643	71,643	71,643	71,643	71,643	71,643	71,643
Square Feet	787	787	787	787	787	787	787	787	787	787
Capacity (students)	613	617	619	652	671	569	600	611	646	639
Enrollment						92,211	92,211	92,211	92,211	92,211
Roland Rogers School (1991)	92,211	92,211	92,211	92,211	92,211	92,211	92,211	92,211	92,211	92,211
Square Feet	760	760	760	760	760	760	760	760	760	760
Capacity (students)	535	532	546	552	539	559	580	583	568	602
Enrollment						92,211	92,211	92,211	92,211	92,211
Smithville School (1991)	92,211	92,211	92,211	92,211	92,211	92,211	92,211	92,211	92,211	92,211
Square Feet	760	760	760	760	760	760	760	760	760	760
Capacity (students)	621	640	654	649	657	559	538	544	625	655
Enrollment						6,625	6,625	6,625	6,625	6,625
South Egg Harbor School (1950)	n/a	n/a	n/a	n/a	n/a	105	105	105	105	105
Square Feet	n/a	n/a	n/a	n/a	n/a	closed	closed	closed	closed	closed
Capacity (students)	demolished	demolished	demolished	demolished	demolished	150,000	150,000	150,000	150,000	150,000
Enrollment						900	900	900	900	900
<b>Middle School</b>										
Galloway Township Middle School (2000)	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Square Feet	900	900	900	900	900	900	900	900	900	900
Capacity (students)	759	807	824	832	872	866	908	949	965	987
Enrollment										

Number of Schools at June 30, 2015  
 Elementary = 5  
 Middle School = 1  
 High School = 0  
 Other = 2 buildings demolished and 1 utilized for maintenance.

(A) Oceanville building is being utilized for the maintenance department.  
 Source: District Records

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

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

* School Facilities	Project # (s)	Fiscal Year Ended June 30,									
		2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Galloway Middle School	016	\$ 151,017.05	\$ 149,696.04	\$ 138,173.42	\$ 152,947.57	\$ 124,586.25	\$ 144,496.55	\$ 189,678.28	\$ 138,524.04	\$ 126,446.90	\$ 122,446.00
Arthur Rann	015	103,854.19	87,185.99	181,122.02	93,317.82	97,108.03	147,195.11	91,357.14	76,373.09	89,418.72	71,919.00
Cologne	020	656.14	1,489.58	282.83	682.13	10,321.69	6,504.57	27,847.90	17,275.69	17,688.46	14,944.00
Oceanville	030	25,073.65	39,046.45	26,670.39	19,698.10	43,920.87	25,149.50	72,861.33	50,511.49	57,956.93	49,846.00
Pomona	040	46,344.57	73,802.90	47,408.07	76,945.63	55,073.91	46,401.46	71,162.41	31,470.15	31,196.97	27,552.00
Reeds Road	045	117,862.59	126,537.65	94,582.88	115,698.26	108,952.70	107,620.10	129,005.90	81,877.77	63,539.19	80,828.00
Roland Rogers	046	91,543.61	109,746.06	108,730.93	118,236.54	96,231.34	97,013.28	233,714.01	141,425.24	131,088.51	125,857.00
Smithville	048	116,362.45	114,989.16	103,708.04	112,854.03	79,777.81	147,858.27	106,342.92	114,767.36	122,736.57	103,670.00
South Egg Harbor	050	705.35	885.35	646.46	642.01	3,889.70	516.35	12,902.19	5,435.44	9,401.50	3,996.00
Administration	999	54,082.07	28,385.89	42,411.81	53,548.50	81,000.32	89,603.25	129,695.09	37,736.48	29,326.30	15,757.00
Total School Facilities		<u>707,501.67</u>	<u>731,765.07</u>	<u>743,736.85</u>	<u>744,570.59</u>	<u>700,862.62</u>	<u>812,358.44</u>	<u>1,064,567.17</u>	<u>695,396.75</u>	<u>678,800.05</u>	<u>616,815.00</u>
Other Facilities		-	-	-	-	-	-	-	-	-	-
Grand Total		<u>\$ 707,501.67</u>	<u>\$ 731,765.07</u>	<u>\$ 743,736.85</u>	<u>\$ 744,570.59</u>	<u>\$ 700,862.62</u>	<u>\$ 812,358.44</u>	<u>\$ 1,064,567.17</u>	<u>\$ 695,396.75</u>	<u>\$ 678,800.05</u>	<u>\$ 616,815.00</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 GALLOWAY SCHOOL DISTRICT

Insurance Schedule

June 30, 2015

Unaudited

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

- (A) Per Occurrence  
 (B) Aggregate

Source: District Records

SINGLE AUDIT SECTION

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND  
STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

**INDEPENDENT AUDITOR'S REPORT**

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

***Report on Compliance for Each Major Federal and State Program***

We have audited the Township of Galloway School District's 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, 2015. The School District's major federal and state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and State of New Jersey Circular 15-08-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 15-08-OMB, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Township of Galloway School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal and State Program***

In our opinion, the Township of Galloway School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2015.

### ***Report on Internal Control Over Compliance***

Management of the Township of Galloway School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

*Daniel M. DiGangi*

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

Voorhees, New Jersey  
December 9, 2015

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Schedule of Expenditures of Federal Awards, Schedule A  
 For the Fiscal Year Ended June 30, 2015

Pass-through Grantor/Program Title	CFDA Number	State Project Number	Award Amount	Grant Period		Balance June 30, 2014
				From	To	
<b>General Fund</b>						
U.S. Department of Health and Human Services:						
Passed-through the State Department of Education:						
Medical Assistance Program (Medicaid):						
Special Education Medicaid Initiative	93.778	N/A	\$ 40,228.37	7-1-14	6-30-15	
Medicaid Administrative Claiming Aid	93.778	N/A	13,523.86	7-1-14	6-30-15	
Special Education Medicaid Initiative -- ARRA	93.778	N/A	59,670.32	10-1-08	12-31-10	
Total Medical Assistance Program (Medicaid)						-
Total General Fund						-
<b>Special Revenue Fund:</b>						
U.S. Department of Education:						
Passed-through State Department of Education:						
N.C.L.B.:						
Title I, Part A	84.010A	NCLB169014	413,244.00	7-1-13	6-30-14	\$ (149,350.55)
Title I, Part A	84.010A	NCLB169015	402,772.00	7-1-14	6-30-15	
Total Title I, Part A						(149,350.55)
Title II, Part A, Improving Teacher Quality	84.367A	NCLB169014	65,885.00	7-1-13	6-30-14	(26,382.02)
Title II, Part A, Improving Teacher Quality	84.367A	NCLB169015	66,925.00	7-1-14	6-30-15	
Total Title II, Part A, Improving Teacher Quality						(26,382.02)
Title III	84.365A	NCLB169014	39,652.00	7-1-13	6-30-14	(13,694.60)
Title III	84.365A	NCLB169015	33,495.00	7-1-14	6-30-15	
Title III, Immigrant	84.365A	NCLB169014	13,580.00	7-1-13	6-30-14	(5,809.24)
Title III, Immigrant	84.365A	NCLB169015	0.00	7-1-14	6-30-15	
Total Title III, English Language Acquisition						(19,503.84)
I.D.E.A. Part B:						
Special Education Cluster:						
Basic	84.027	FT169014	872,927.00	7-1-13	6-30-14	(128,594.23)
Basic	84.027	FT169015	911,362.00	7-1-14	6-30-15	
Preschool	84.173	PS169014	36,272.00	7-1-13	6-30-14	(15,618.68)
Preschool	84.173	PS169015	36,195.00	7-1-14	6-30-15	
Total I.D.E.A. Part B Special Education Cluster						(144,212.91)
Race to the Top	84.413A	NGO 12-RT01-A01	35,876.00	9-1-11	11-30-15	(70.00)
Total Special Revenue Fund						(339,519.32)
<b>Enterprise Fund:</b>						
U.S. Department of Agriculture:						
Passed-through State Department of Education:						
Child Nutrition Cluster:						
School Breakfast Program	10.553	Unavailable	187,247.82	7-1-13	6-30-14	(16,957.12)
School Breakfast Program	10.533	Unavailable	174,311.86	7-1-14	6-30-15	
Food Distribution Program	10.555	Unavailable	65,201.97	7-1-13	6-30-14	8,115.79
Food Distribution Program	10.555	Unavailable	46,612.93	7-1-14	6-30-15	
After School Snack Program	10.555	Unavailable	9,936.80	7-1-13	6-30-14	(1,196.80)
After School Snack Program	10.555	Unavailable	16,478.72	7-1-14	6-30-15	
National School Lunch Program	10.555	Unavailable	773,783.29	7-1-13	6-30-14	(66,851.65)
National School Lunch Program	10.555	Unavailable	760,132.06	7-1-14	6-30-15	
Total Child Nutrition Cluster						(76,889.78)
Total Enterprise Fund						(76,889.78)
Total Federal Financial Assistance						\$ (416,409.10)

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

Carry-over Amount	Cash Received	Adjustments (A)	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2015		
					Accounts Receivable	Unearned Revenue	Due to Grantor
	\$ 40,228.37 13,523.86 59,670.32	\$ (59,670.32)	\$ 40,228.37 13,523.86				
-	113,422.55	(59,670.32)	53,752.23	-	-	-	-
-	113,422.55	(59,670.32)	53,752.23	-	-	-	-
\$ (49,560.00) 49,560.00	198,911.00 316,067.00	(0.45)	409,821.80		\$ (86,705.00)	\$ 42,510.20	
-	514,978.00	(0.45)	409,821.80	-	(86,705.00)	42,510.20	-
(20,976.00) 20,976.00	47,358.00 33,835.00	0.02	71,709.94		(33,090.00)	16,191.06	
-	81,193.00	0.02	71,709.94	-	(33,090.00)	16,191.06	-
(8,004.00) 8,004.00 (3,315.00) 3,315.00	21,699.00 9,856.00 9,124.00	(0.40) 0.24	19,647.19		(23,639.00)	21,851.81	
-	40,679.00	(0.16)	22,962.19	-	(24,013.00)	22,225.81	-
(211,370.00) 211,370.00 (9,795.00) 9,795.00	340,520.00 694,611.00 25,414.00 19,935.00	(0.32)	555.77 1,068,136.83 30,330.39		(216,751.00) (16,260.00)	54,595.17 15,659.61	
-	1,080,480.00	(0.32)	1,099,022.99	-	(233,011.00)	70,254.78	-
-	-	-	-	-	(70.00)	-	-
-	1,717,330.00	(0.91)	1,603,516.92	-	(376,889.00)	151,181.85	-
	16,957.12 161,429.78		174,311.86 8,115.79 40,882.14		(12,882.08)	5,730.79	
	46,612.93 1,196.80 15,671.84 66,851.65 706,353.82		16,478.72 760,132.06		(806.88) (53,778.24)		
-	1,015,073.94	-	999,920.57	-	(67,467.20)	5,730.79	-
-	1,015,073.94	-	999,920.57	-	(67,467.20)	5,730.79	-
-	\$ 2,845,826.49	\$ (59,671.23)	\$ 2,657,189.72	-	\$ (444,356.20)	\$ 156,912.64	-

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
 Schedule of Expenditures of State Financial Assistance, Schedule B  
 For the Fiscal Year Ended June 30, 2015

State Grantor/ Program Title	State Project Number	Award Amount	Required Match	Grant Period		Balance June 30, 2014	
				From	To	Unearned Revenue / Accounts Receivable	Due to Grantor
<b>General Fund:</b>							
New Jersey Department of Education:							
Current Expense:							
State Aid - Public Cluster:							
Equalization Aid	14-495-034-5120-078	\$ 20,530,313.00	N/A	7-1-13	6-30-14	\$ (1,949,887.26)	
Equalization Aid	15-495-034-5120-078	20,530,313.00	N/A	7-1-14	6-30-15		
Categorical Special Education Aid	14-495-034-5120-089	1,973,337.00	N/A	7-1-13	6-30-14	(187,419.68)	
Categorical Special Education Aid	15-495-034-5120-089	1,973,337.00	N/A	7-1-14	6-30-15		
Categorical Security Aid	14-495-034-5120-084	730,204.00	N/A	7-1-13	6-30-14	(69,351.86)	
Categorical Security Aid	15-495-034-5120-084	730,204.00	N/A	7-1-14	6-30-15		
PARCC Readiness Aid	15-495-034-5120-098	33,240.00	N/A	7-1-14	6-30-15		
Per Pupil Growth Aid	15-495-034-5120-097	33,240.00	N/A	7-1-14	6-30-15		
Total State Aid - Public Cluster						<u>(2,206,658.80)</u>	<u>-</u>
State Aid - Transportation:							
Categorical Transportation Aid	14-495-034-5120-014	339,014.00	N/A	7-1-13	6-30-14	(32,198.20)	
Categorical Transportation Aid	15-495-034-5120-014	339,014.00	N/A	7-1-14	6-30-15		
Additional Non-Public Transportation Aid	14-495-034-5120-014	41,749.00	N/A	7-1-13	6-30-14	(41,749.00)	
Additional Non-Public Transportation Aid	15-495-034-5120-014	42,282.00	N/A	7-1-14	6-30-15		
Total State Aid - Transportation						<u>(73,947.20)</u>	<u>-</u>
Extraordinary Aid							
Extraordinary Aid	14-100-034-5120-473	329,395.00	N/A	7-1-13	6-30-14	(329,395.00)	
Extraordinary Aid	15-100-034-5120-473	404,521.00	N/A	7-1-14	6-30-15		
Total Extraordinary Aid						<u>(329,395.00)</u>	<u>-</u>
Homeless Tuition Aid							
Homeless Tuition Aid	14-495-034-5120-005	40,373.00	N/A	7-1-13	6-30-14	(40,373.00)	
Homeless Tuition Aid	15-495-034-5120-005	42,860.00	N/A	7-1-14	6-30-15		
Total Homeless Tuition Aid						<u>(40,373.00)</u>	<u>-</u>
Reimbursed TPAF Social Security Contributions							
Reimbursed TPAF Social Security Contributions	14-495-034-5094-003	1,797,759.31	N/A	7-1-13	6-30-14	(91,307.58)	
Reimbursed TPAF Social Security Contributions	15-495-034-5094-003	1,827,416.40	N/A	7-1-14	6-30-15		
Total Reimbursed TPAF Social Security Contributions						<u>(91,307.58)</u>	<u>-</u>
Total General Fund						<u>(2,741,681.58)</u>	<u>-</u>
<b>Special Revenue Fund:</b>							
New Jersey Department of Education:							
Nonpublic Aid:							
Nursing Services	14-100-034-5120-070	47,168.00	N/A	7-1-13	6-30-14		\$ 943.00
Nursing Services	15-100-034-5120-070	54,445.00	N/A	7-1-14	6-30-15		
Textbook Aid (Ch. 194)	14-100-034-5120-064	33,513.00	N/A	7-1-13	6-30-14		3,114.00
Textbook Aid (Ch. 194)	15-100-034-5120-064	34,199.00	N/A	7-1-14	6-30-15		
Technology	14-100-034-5120-373	12,220.00	N/A	7-1-13	6-30-14		1,681.00
Technology	15-100-034-5120-373	18,368.00	N/A	7-1-14	6-30-15		
Auxiliary Services (Ch. 192)							
Compensatory Education	15-100-034-5120-067	87,788.00	N/A	7-1-14	6-30-15		
Handicapped Services (Ch. 193)							
Corrective Speech	15-100-034-5120-066	22,088.00	N/A	7-1-14	6-30-15		
Supplementary Instruction	14-100-034-5120-066	30,529.00	N/A	7-1-13	6-30-14		12,335.00
Supplementary Instruction	15-100-034-5120-066	32,957.00	N/A	7-1-14	6-30-15		
Examination and Classification	14-100-034-5120-066	44,265.00	N/A	7-1-13	6-30-14		4,975.00
Examination and Classification	15-100-034-5120-066	55,463.00	N/A	7-1-14	6-30-15		
Total Nonpublic Aid:						<u>-</u>	<u>23,048.00</u>
Inclusive Schools Climate Initiative	Unknown	2,500.00	N/A	7-1-12	6-30-13	241.34	-
Preschool Education Aid	14-495-034-5120-086	102,300.00	N/A	7-1-13	6-30-14	(10,230.00)	
Preschool Education Aid	15-495-034-5120-086	102,300.00	N/A	7-1-14	6-30-15		
Total Preschool Education Aid						<u>(10,230.00)</u>	<u>-</u>
Total Special Revenue Fund						<u>(9,988.66)</u>	<u>23,048.00</u>
<b>Capital Projects Fund:</b>							
School Development Authority	1690-048-14-1004	979,819.00	\$ 1,082,181.00	7-1-14	Completion		
School Development Authority	1690-046-14-1003	979,819.00	1,082,181.00	7-1-14	Completion		
School Development Authority	1690-045-09-1003	807,059.00	2,073,803.00	7-1-09	Completion		
Total Capital Projects Fund						<u>-</u>	<u>-</u>
<b>Debt Service Fund:</b>							
New Jersey Department of Education:							
School Construction Debt Service Aid	15-495-034-5120-075	674,340.00	N/A	7-1-14	6-30-15	-	-
<b>Enterprise Fund:</b>							
New Jersey Department of Agriculture:							
Child Nutrition Cluster:							
State School Lunch Aid	14-100-010-3350-023	18,849.01	N/A	7-1-13	6-30-14	(2,564.70)	
State School Lunch Aid	15-100-010-3350-023	16,986.94	N/A	7-1-14	6-30-15		
Total Enterprise Fund						<u>(2,564.70)</u>	<u>-</u>
Total State Financial Assistance subject to Major Program Determination for State Single Audit						<u>(2,754,234.94)</u>	<u>23,048.00</u>
State Financial Assistance not subject to Calculation for Major Program Determination for State Single Audit:							
General Fund (Non-Cash Assistance):							
New Jersey Department of the Treasury:							
On-behalf T.P.A.F. Pension Contributions - Normal Cost	15-495-034-5094-006	1,290,332.00	N/A	7-1-14	6-30-15		
On-behalf T.P.A.F. Pension Contributions - Post Retirement Medical	15-495-034-5094-001	2,048,403.00	N/A	7-1-14	6-30-15		
Total General Fund (Non-Cash Assistance)						<u>-</u>	<u>-</u>
Total State Financial Assistance						<u>\$ (2,754,234.94)</u>	<u>\$ 23,048.00</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 Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

Cash Received	Adjustments (A)	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance June 30, 2015			Memo	
				Accounts Receivable	Unearned Revenue / Interfund Payable	Due to Grantor	Budgetary Receivable June 30, 2015	Cumulative Total Expenditures
\$ 1,949,887.26								
18,587,930.29		\$ 20,530,313.00		\$ (1,942,382.71)			\$ (1,942,382.71)	\$ 20,530,313.00
187,419.68								
1,786,638.64		1,973,337.00		(186,698.36)			(186,698.36)	1,973,337.00
69,351.86								
661,119.05		730,204.00		(69,084.95)			(69,084.95)	730,204.00
30,095.15		33,240.00		(3,144.85)			(3,144.85)	33,240.00
30,095.15		33,240.00		(3,144.85)			(3,144.85)	33,240.00
23,302,537.08	-	23,300,334.00	-	(2,204,455.72)	-	-	(2,204,455.72)	23,300,334.00
32,198.20								
306,939.72		339,014.00		(32,074.28)			(32,074.28)	339,014.00
41,749.00								
		42,282.00		(42,282.00)				42,282.00
380,886.92	-	381,296.00	-	(74,356.28)	-	-	(32,074.28)	381,296.00
329,395.00								
		404,521.00		(404,521.00)				404,521.00
329,395.00	-	404,521.00	-	(404,521.00)	-	-	-	404,521.00
40,373.00								
		42,860.00		(42,860.00)				42,860.00
40,373.00	-	42,860.00	-	(42,860.00)	-	-	-	42,860.00
91,307.58								
1,734,507.16		1,827,416.40		(92,909.24)				1,827,416.40
1,825,814.74	-	1,827,416.40	-	(92,909.24)	-	-	-	1,827,416.40
25,879,006.74	-	25,956,427.40	-	(2,819,102.24)	-	-	(2,236,530.00)	25,956,427.40
54,445.00	\$ 0.19	52,024.19	\$ 943.00			\$ 2,421.00		52,024.19
34,199.00	0.07	31,313.07	3,114.00			2,886.00		31,313.07
18,368.00	(0.15)	17,353.85	1,681.00			1,014.00		17,353.85
87,788.00		54,711.00				33,077.00		54,711.00
22,088.00	0.20	16,492.20	12,335.00			5,596.00		16,492.20
32,957.00	0.50	24,327.50	4,975.00			8,630.00		24,327.50
55,463.00	0.50	43,001.50				12,462.00		43,001.50
305,308.00	1.31	239,223.31	23,048.00			66,086.00		239,223.31
-	(241.34)	-	-			-		-
10,230.00								
92,070.00		75,067.00		(10,230.00)	\$ 27,233.00		(10,230.00)	75,067.00
102,300.00	-	75,067.00	-	(10,230.00)	27,233.00	-	(10,230.00)	75,067.00
407,608.00	(240.03)	314,290.31	23,048.00	(10,230.00)	27,233.00	66,086.00	(10,230.00)	314,290.31
	1,082,181.00	1,204,416.00		(979,819.00)	857,584.00			1,204,416.00
	1,082,181.00	1,194,128.00		(979,819.00)	867,872.00			1,194,128.00
40,352.95	(40,352.95)							2,318,650.85
40,352.95	2,124,009.05	2,398,544.00	-	(1,959,638.00)	1,725,456.00	-	-	4,717,194.85
674,340.00	-	674,340.00	-	-	-	-	-	674,340.00
2,564.70								
15,778.46		16,986.94		(1,208.48)				16,986.94
18,343.16	-	16,986.94	-	(1,208.48)	-	-	-	16,986.94
27,019,650.85	2,123,769.02	29,360,588.65	23,048.00	(4,790,178.72)	1,752,689.00	66,086.00	(2,246,760.00)	31,679,239.50
1,290,332.00		1,290,332.00						1,290,332.00
2,048,403.00		2,048,403.00						2,048,403.00
3,338,735.00	-	3,338,735.00	-	-	-	-	-	3,338,735.00
\$ 30,358,385.85	\$ 2,123,769.02	\$ 32,699,323.65	\$ 23,048.00	\$ (4,790,178.72)	\$ 1,752,689.00	\$ 66,086.00	\$ (2,246,760.00)	\$ 35,017,974.50

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance  
For the Fiscal Year Ended June 30, 2015

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**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 Galloway School District (hereafter referred to as the "School District"). The School District is defined in note 1 to the School District's basic financial statements. 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 following exceptions: programs recorded in the capital projects fund are presented on the modified accrual basis of accounting and programs recorded in the food service fund are presented using the accrual basis of accounting. These bases of accounting are described in note 1 to the School District's basic financial statements. The information in these schedules are presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; therefore, some amounts presented in the schedules 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, special revenue fund and capital projects fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

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

The net adjustment to reconcile revenues from the budgetary basis to the GAAP basis is \$2,327.00 for the general fund and \$27,011.51 for the special revenue fund. See exhibit C-3, notes to required supplementary information, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

**Notes to the Schedules of Expenditures of Federal Awards  
and State Financial Assistance (Cont'd)**

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

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

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ 113,422.55	\$ 29,295,162.40	\$ 29,408,584.95
Special Revenue	1,603,516.92	314,290.31	1,917,807.23
Capital Projects		2,398,544.00	2,398,544.00
Debt Service		674,340.00	674,340.00
Food Service	997,535.57	16,986.94	1,014,522.51
Total Awards and Financial Assistance	<u>\$ 2,714,475.04</u>	<u>\$ 32,699,323.65</u>	<u>\$ 35,413,798.69</u>

**Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**Note 5: ADJUSTMENTS**

Amounts reported in the column entitled "adjustments" in the Schedule of Expenditures of Federal Awards represent the Special Education Medicaid Initiative (SEMI) American Recovery and Reinvestment Act (ARRA) and also minor rounding differences. The amounts reported in the column entitled "adjustments" in the Schedule of Expenditures of State Financial Assistance represent minor rounding differences, the required match on capital projects and the cancellation of a grant receivable.

**Note 6: REIMBURSED AND ON-BEHALF PAYMENTS**

During the fiscal year ended June 30, 2015, the School District was the recipient of federal and state assistance that represented either a reimbursement to the School District or payments made on-behalf of the School District. Revenues and expenditures reported under the Federal Food Distribution Program represent the current year value received and the current year distribution, respectively, of American-grown United States Department of Agriculture foods utilized in the School District's food service program. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year. Lastly, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF members.

**Note 7: MAJOR PROGRAMS**

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

**GALLOWAY TOWNSHIP SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015**

**Section 1- Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified?      yes   X   no

Significant deficiency(ies) identified?      yes   X   none reported

Noncompliance material to financial statements noted?      yes   X   no

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?      yes   X   no

Significant deficiency(ies) identified?      yes   X   none reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I, Part A
84.027	I.D.E.A. Part B Cluster - Basic
84.173	I.D.E.A. Part B Cluster - Preschool
10.553	Child Nutrition Cluster - School Breakfast Program
10.555	Child Nutrition Cluster - Food Distribution Program
10.555	Child Nutrition Cluster - After School Snack Program
10.555	Child Nutrition Cluster - National School Lunch Program

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

Auditee qualified as low-risk auditee?   X   yes      no

**GALLOWAY TOWNSHIP SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015**

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

**State Financial Assistance**

Internal control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 or New Jersey Circular 15-08-OMB? \_\_\_\_\_ yes  X  no

Identification of major programs:

<b><u>GMIS Number(s)</u></b>	<b><u>Name of State Program</u></b>
15-495-034-5120-089	State Aid Public - Special Education Aid
15-495-034-5120-078	State Aid Public - Equalization Aid
15-495-034-5120-084	State Aid Public - Security Aid
15-495-034-5120-098	State Aid Public - PARCC Readiness Aid
15-495-034-5120-097	State Aid Public - Per Pupil Growth Aid
15-495-034-5094-003	Reimbursed T.P.A.F. Social Security Aid
1690-048-14-1004	School Development Authority
1690-046-14-1003	School Development Authority

Dollar threshold used to determine Type A programs \$ 880,818.00

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

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015

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

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

None.

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015

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

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

None.

**TOWNSHIP OF GALLOWAY SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by OMB Circular A-133 and State of New Jersey Circular 15-08-OMB.

None.

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

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This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, OMB Circular A-133 and State of New Jersey Circular 15-08-OMB.

**FINANCIAL STATEMENT FINDINGS**

None.

**FEDERAL AWARDS**

None.

**STATE FINANCIAL ASSISTANCE PROGRAMS**

None.

