

**Elk Township School District
Board of Education
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012**

ELK TOWNSHIP SCHOOL DISTRICT

AURA, NEW JERSEY

**Elk Township School Board of Education
Aura, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Of the

**Elk Township School Board of Education
Aura, New Jersey**

For the Fiscal Year Ended June 30, 2012

Prepared by:

**Elk Township School
Board of Education Administration**

OUTLINE OF CAFR

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INTRODUCTORY SECTION

BOARD OF EDUCATION OF ELK TOWNSHIP

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Glassboro, New Jersey 08028
(856) 881-6889 * Fax: (856) 881-3674
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J. WILSON HUGHES
PRESIDENT

JOSEPH M. COLLINS
BUSINESS ADMINISTRATOR
BOARD SECRETARY

DR. PIERA GRAVENOR
SUPERINTENDENT

November 21, 2012

Honorable President and
Members of the Board of Education
Elk Township School District
98 Unionville Road
Glassboro, New Jersey 08028

Dear Board Members and Constituents:

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

The comprehensive annual financial report is presented in four sections:

- The Introductory Section contains a table of contents, letter of transmittal, list of principal officials, and an organizational chart of the District;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the basic financial statements, and notes providing an overview of the District's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis;
- The Single Audit Section - The District is required to undergo an annual audit in conformity with the provisions of the Single Audit Act of 1986, as amended, the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," and the New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments.

- The Single Audit Section (Continued) - Information related to this single audit, including the auditors' reports on the internal control structure and compliance with applicable laws and regulations, and findings and recommendations, if any, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES:

The Elk Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by Statement No. 14. All funds and account groups of the District are included in this report.

The Elk Township Board of Education and its school, constitutes the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 6. These include regular, as well as special education for handicapped youngsters. The District completed the 2011-12 fiscal year with an average daily enrollment of 398 students, which is 14 students more than the previous year's enrollment.

The teaching staff consists of approximately forty-two faculty members, plus instructional classroom aides. The District's administrative structure includes a shared superintendent, a shared business administrator, and a district supervisor responsible for the child study team, curriculum, and technology. The District has one elementary school with a building principal. The nine member board of education is an elected body of Elk Township residents.

The District is committed to create a nurturing community of life-long learners who are socially responsible thinkers that embrace cultural diversity. The District's instructional strategies and processes support the achievement of the New Jersey Core Curriculum Content Standards for all students. When students complete their elementary education in the District, they will have the foundations needed in their journey to becoming productive, self-sufficient, civic minded citizens of the world. The school district staff, involved parents, and community members are integral to the accomplishment of this goal.

A Gifted and Talented pullout program is provided to students in grades four through six. Identified students in grades kindergarten through three are provided with in-class activities.

A strong basic skills curriculum in reading and math is available for students who are identified based on their standardized test scores and/or teacher recommendation. The District employs four basic skills teachers whose purpose is to ensure that the students receive a remedial program appropriate to their needs. After school tutoring is provided to at-risk students.

The Elk Township School District offers a caring, nurturing atmosphere conducive to the student's academic, social, and emotional growth.

All pre-kindergarten through sixth grade students receive a program designed to enlighten their skills in language arts, math, science, social studies, health/physical

1) REPORTING ENTITY AND ITS SERVICES (CONTINUED):

education, library, music, foreign language and computer technology.

Students receive ninety minutes of instructional time daily in language arts, sixty minutes in mathematics and forty-five minutes in science and social studies. Spanish, library, art, music, physical education, and computer take place weekly.

2) ECONOMIC CONDITION AND OUTLOOK:

The total land area in Elk Township is approximately 22 square miles. The land consists of many farms and fruit orchards. A few small locally operated businesses are located in the community. There are many minor and major subdivisions planned for the community. The impact of this increase on our facility may be substantial, and may require reconfiguration of district educational delivery capacity, including the need for construction of an additional building or buildings.

Elk Township currently consists of one school building. The original building was constructed in 1927 with additions added in 1956, 1976, 1992 and 2002. A major bond referendum was approved by the voters in 2008 for the restoration of several areas in and outside the building.

3) MAJOR INITIATIVES:

The District continues to supply an enhanced educational program for our students through the upgrading of our elementary facilities, innovative educational programs and activities, and a comprehensive curriculum which addresses students' needs from basic skills to enrichment.

Literacy and Math

The District continues to utilize research based math and literacy programs. These programs consist of an in-class delivery system that provides team teaching with special education and regular education in developmental classrooms in grades kindergarten through fifth. Our sixth grade is departmentalized in all subject areas with team teaching taking place for at-risk students. Reading Recovery is used to provide individualized instruction to first grade students that are experiencing difficulty in learning to read. We use the accelerated reading program in grades kindergarten through sixth for our students who need to be challenged in literacy. Our gifted students in grades four, five, and six attend weekly enrichment classes. Gifted students in the lower grades receive in-class instruction.

Technology

Technology in the Elk Township School District is viewed as critical to school reform because of its capacity to support and enhance learning and instruction. Interaction via a multitude of educational software programs, e-mail, and the Internet leads to problem solving and is revolutionizing the way Aura students learn. Technology has been integrated into every aspect of our curriculum. Professional Development is provided to our teachers to continually upgrade their skills. The District's facility is equipped with computers in each classroom and four wireless laptop/netbook carts. In 2012, the Elk Township Board of Education made a major financial commitment to the improvement of the technology infrastructure. Students take weekly technology classes in the school's computer lab and every classroom is equipped with an interactive Smart Board so that

Technology (Continued)

technology is woven into instruction on a daily basis.

The Arts

The District offers weekly art and music classes to students in kindergarten through sixth grade. Chorus, beginning and advanced band is offered to students in grades four through six. Concerts and art shows take place semiannually. There is an annual family trunk or treat event, a family math night and a family wellness night.

Professional Development

The District participates with Delsea Regional School District and the Franklin Township School District in offering comprehensive professional development opportunities to the staff. A professional development committee, consisting of staff and administrators, meets regularly to assess the needs of the educational community. Evaluation forms are given to staff members after each professional development event to evaluate the effectiveness of the program.

4) INTERNAL ACCOUNTING CONTROLS:

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

As a recipient of federal awards 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 internal control, including that portion related to federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5) BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service Fund. Project-length budgets 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.

6) ACCOUNTING SYSTEM AND REPORTS:

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

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

7) MANAGEMENT'S DISCUSSION AND ANALYSIS:

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in connection with it. The District's MD&A can be found immediately following the report of the independent auditors.

8) CASH MANAGEMENT:

The investment policy of the District is guided in large part by the 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 provision of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) RISK MANAGEMENT:

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

10) INDEPENDENT AUDIT:

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Petroni & Associates LLC was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and New Jersey OMB's Circular 04-04. 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.

11) AWARDS – EDUCATIONAL:

Sixth grade Elk Township students participate in the Coriell Institute Science Fair each year. Students received third place in math and honorable mention in science/botany.

12) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Elk 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,

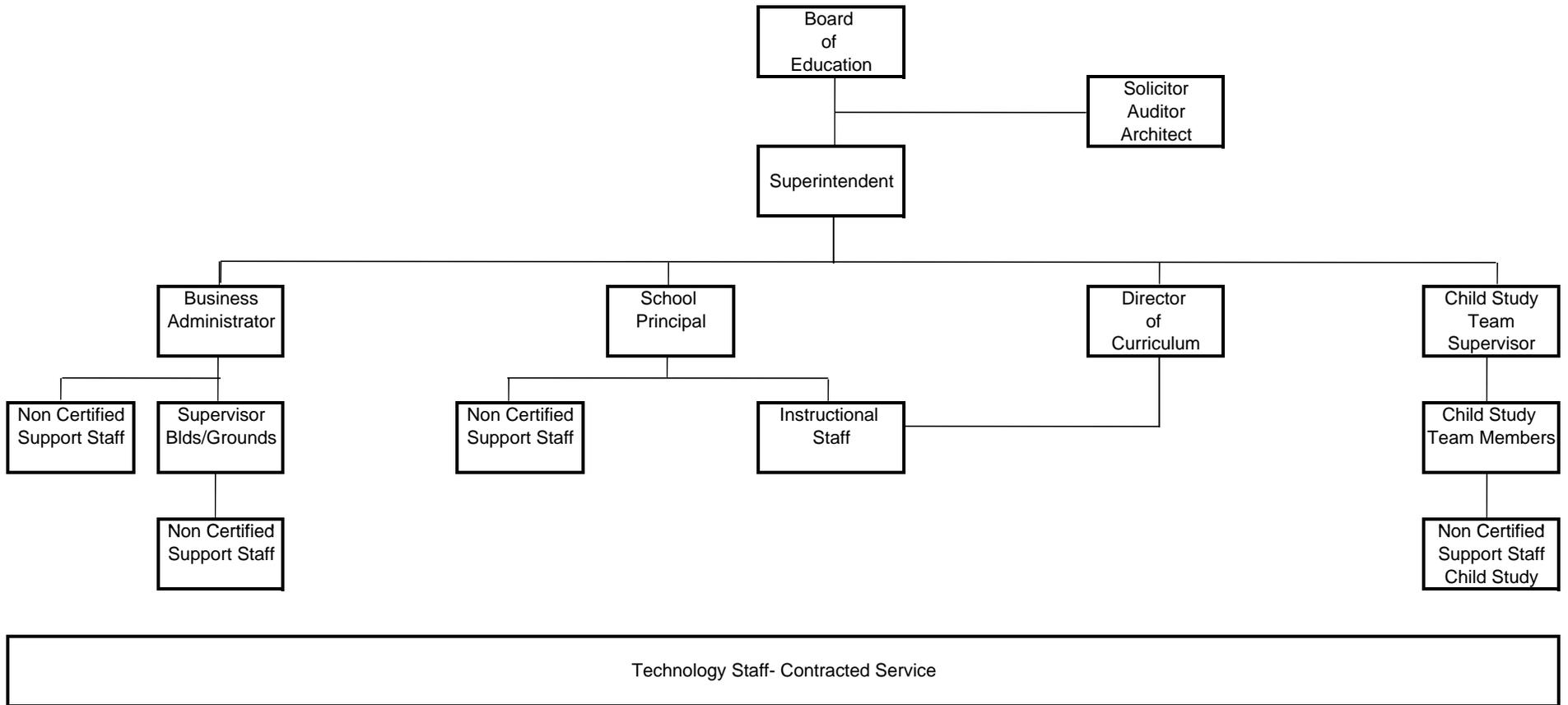
Dr. Piera Gravenor

Dr. Piera Gravenor
Superintendent

Joseph M. Collins, CPA

Joseph M. Collins, CPA
Business Administrator/Board Secretary

**ELK TOWNSHIP BOARD OF EDUCATION
ORGANIZATIONAL CHART**



ELK TOWNSHIP BOARD OF EDUCATION

Elk Township, New Jersey

ROSTER OF OFFICIALS

June 30, 2012

MEMBERS OF THE BOARD OF EDUCATION	Term Expires
J. Wilson Hughes, Jr.	2012
Thomas J. Carrocino, Vice President	2014
Jessica J. Dadak	2012
H. Douglas Gominger	2012
Edwin D. Pearson	2014
Cheryl L. Potter	2014
Jennifer Wirtz	2013
Mary Spring	2012
Staci Oppleman-Bedell	2012

OTHER OFFICIALS

Dr. Piera Gravenor, Superintendent

Joseph M. Collins, Business Administrator/Board Secretary

Stephen Considine, Treasurer

Wayne A. Streitz, Esq., Solicitor

ELK TOWNSHIP BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

ARCHITECTS

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AUDIT FIRM

Petroni & Associates LLC
102 W. High Street, Suite 100
Glassboro, NJ 08028

ATTORNEY

Wayne A. Streitz, Esq.
10 Pitman Avenue
Pitman, NJ 08071

OFFICIAL DEPOSITORY

First National Bank of Elmer
S. Main & Broad Street
Elmer, NJ 08318

FINANCIAL SECTION

PETRONI & ASSOCIATES LLC

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

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Elk Township School District
98 Unionville Road
Glassboro, New Jersey 08028

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Elk Township School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Elk Township School Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2012, on our consideration of the Elk Township School Board of Education's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison information referenced in the outline of CAFR be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Government Auditing 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 inquires 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 limited procedures do not provide us with sufficient evidence to express and opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Elk Township School Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04 *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* respectively, and are also not a required part of the basic financial statements. The introductory section, combining and individual fund financial statements and the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PETRONI & ASSOCIATES LLC



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

November 21, 2012

Required Supplementary Information – Part I

**Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year ended June 30, 2012
Unaudited**

This section of Elk Township Public School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2012. Comparative financial data is presented. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Areas of Interest

Key financial highlights for 2012 are as follows:

- In total, net assets increased from \$3,114,138 in FY 2011 to \$3,134,314 (See Exhibit A-1) in FY 2012 which is a \$20,176, increase or a .6% increase from fiscal year 2011.
- General revenues accounted for \$5,498,985 in revenue (See Exhibit A-2) or 91.7% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$495,232 or 8.3% of total revenues of \$5,994,217.
- The District had \$5,974,041 in expenses; only \$495,232 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and state aid) of \$5,498,985 were adequate to provide for these programs.
- Among governmental funds, the General Fund, the District's most significant fund, had \$5,294,007 in revenues and \$5,211,927 in expenditures (see Exhibit B-2). The fund balance for the General Fund increased \$83,479 over fiscal year 2011. This increase was partially due to increases in local sources, state sources and federal sources of revenue of \$82,663 offset by increased expenditures of \$472,038.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Elk Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole, looks at all

**Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year ended June 30, 2012
Unaudited**

Statement of Net Assets and the Statement of Activities (Continued)

financial transactions and asks the question, "How did we do financially during 2011-2012?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector businesses. These bases of accounting take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District and whether it has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental activities** - All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-Type Activities** - This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

Governmental Funds

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

**Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year ended June 30, 2012
Unaudited**

Governmental Funds (Continued)

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

Enterprise Fund

The Enterprise Funds use the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. This information is information that has not been presented on the face of the financial statements, for reasons of practicality, but is essential for the financial statements to be fairly presented.

The School District as a Whole

The Statement of Net Assets provides the perspective of the School District as a whole. Net assets may serve over time as a useful indicator of a government's financial position. The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the School District's net assets for fiscal years 2012 and 2011.

Table 1

Elk Township School District's Net Assets

	Business-		Business-		School District Total	
	Governmental Activities	Type	Governmental Activities	Type	Total	Total
	2012		2011		2012	2011
Assets						
Current and other assets	\$ 1,206,543	\$ 52,490	\$ 1,029,445	\$ 33,802	\$ 1,259,033	\$ 1,063,247
Capital assets	3,822,085	17,104	3,994,266	13,230	3,839,189	4,007,496
Total assets	<u>5,028,628</u>	<u>69,594</u>	<u>5,023,711</u>	<u>47,032</u>	<u>5,098,222</u>	<u>5,070,743</u>
Liabilities						
Long-term liabilities	1,787,119		1,872,207		1,787,119	1,872,207
Other liabilities	173,782	3,007	82,305	2,092	176,789	84,397
Total liabilities	<u>1,960,901</u>	<u>3,007</u>	<u>1,954,512</u>	<u>2,092</u>	<u>1,963,908</u>	<u>1,956,604</u>
Net Assets						
Invested in capital assets, Net of related debt	2,195,725	17,104	2,238,938	13,230	2,212,829	2,252,168
Restricted	993,766		883,616		993,766	883,616
Unrestricted	(121,764)	49,483	(53,356)	31,710	(72,281)	(21,646)
Total net assets	<u>\$ 3,067,727</u>	<u>\$ 66,587</u>	<u>\$ 3,069,198</u>	<u>\$ 44,940</u>	<u>\$ 3,134,314</u>	<u>\$ 3,114,138</u>

**Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year ended June 30, 2012
Unaudited**

The School District as a Whole (Continued)

The District's combined net assets were \$3,134,314 on June 30, 2012. This was a .6% increase from the prior year.

Total assets increased \$20,176. There was an increase in current and other assets due mainly to the withholding of state aid and a slight decrease in capital assets due to the depreciation.

Total liabilities increased \$7,304 due mainly to a increase in capital leases and compensated absences.

Table 2 shows changes in net assets for fiscal years 2012 and 2011.

Table 2

	Elk Township School District's Changes in Net Assets					
	Business-		Business-		Total	
	Governmental	Type	Governmental	Type		
	Activities		Activities		2012	2011
2012		2011		2012	2011	
Revenues:						
Program revenues						
Charges for services	\$ 5,921	\$ 79,303	\$ 6,150	\$ 78,632	\$ 85,224	\$ 84,782
Operating grants and contributions	325,318	84,690	330,028	78,512	410,008	408,540
General revenues						
Property taxes	2,452,732		2,365,100		2,452,732	2,365,100
Federal and state aid not restricted	2,978,663		2,739,306		2,978,663	2,739,306
Other	61,914	5,676	310,043	2,088	67,590	312,131
Total revenue	<u>5,824,548</u>	<u>169,669</u>	<u>5,750,627</u>	<u>159,232</u>	<u>5,994,217</u>	<u>5,909,859</u>
Expenses:						
Instruction	2,306,622		2,177,120		2,306,622	2,177,120
Student support services	727,125		733,670		727,125	733,670
School administration	181,412		166,393		181,412	166,393
General & bus. administration	258,720		253,659		258,720	253,659
Plant operations & maintenance	387,251		381,382		387,251	381,382
Pupil transportation	352,529		263,367		352,529	263,367
Unallocated benefits	1,288,605		1,086,946		1,288,605	
Special schools	-		1,958		-	1,958
Food service		164,136		152,982	164,136	152,982
Childcare		10,886		13,340	10,886	
Unallocated depreciation	190,940		194,401		190,940	194,401
Other	105,815		97,803		105,815	97,803
Total expenses	<u>5,799,019</u>	<u>175,022</u>	<u>5,356,699</u>	<u>166,322</u>	<u>5,974,041</u>	<u>4,422,735</u>
Transfers:	<u>(27,000)</u>	<u>27,000</u>	<u>(20,000)</u>	<u>20,000</u>		
Increase (decrease) in net assets	<u>\$ (1,471)</u>	<u>\$ 21,647</u>	<u>\$ 373,928</u>	<u>\$ 12,910</u>	<u>\$ 20,176</u>	<u>\$ 1,487,124</u>

**Elk Township Board of Education
Management's Discussion & Analysis
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Unaudited**

The School District as a Whole (Continued)

Program revenues include charges for services and operating grants and contributions. The increase in program revenues is primarily the result of an increase in grant revenues.

General revenues include property taxes, federal and state aids, and other revenues, with federal and state aids being the predominant source of revenue for the District. Other revenues include revenues from tuition, interest on investments, and other miscellaneous sources.

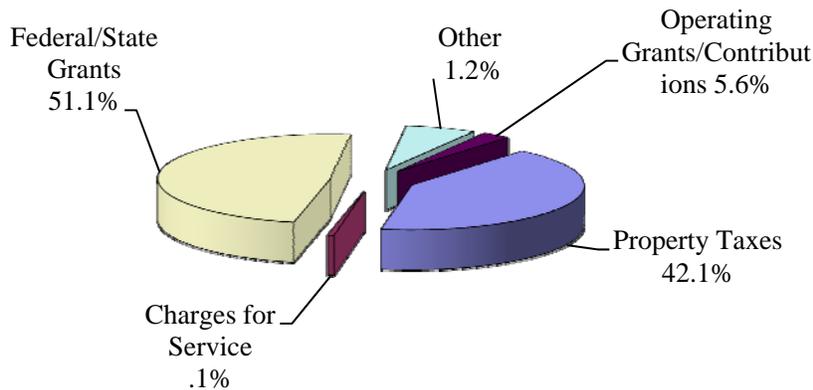
There was an increase in property taxes of \$87,632. The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the District budget and related tax levy. The 2011-12 budget was passed by the voters on April 20, 2011, 251 yes, 175 no.

In accordance with state law, defeated budgets are reviewed by the municipality within which the student population resides, and budget cuts are recommended.

Governmental Activities

The District's total revenues for governmental activities were \$5,825,876 (see Exhibit B-2) for the year ended June 30, 2012. Federal and state aid accounted for 51.1% of revenues. Property taxes made up 42.1% of revenues for governmental activities.

**Table 3
Sources of Revenue for Fiscal Year 2012**

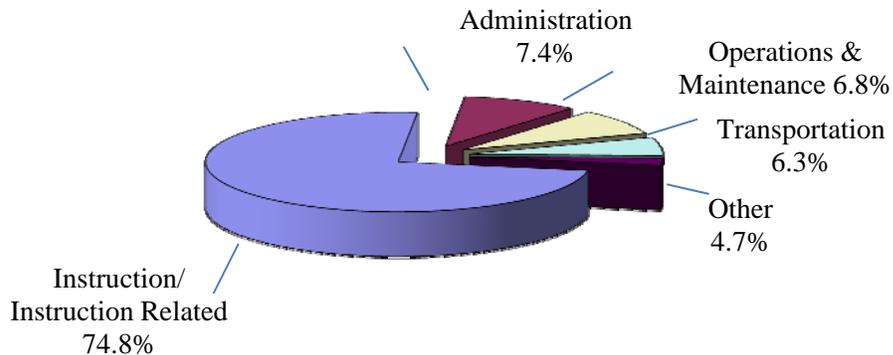


The total cost of all programs and services was \$5,743,338. Instruction and instruction related activities were \$4,295,355 which accounts for 74.8% of District expenses.

**Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year ended June 30, 2012
Unaudited**

Governmental Activities (Continued)

**Table 4
Expenses for Fiscal Year 2012**



Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Instruction related activities are those activities which support the instruction process, and include attendance, nursing, related and extraordinary services for special education student, guidance, child study, curriculum, staff development, and educational media services.

Administration includes general, school, and business administration, and includes expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by State law.

“Other” includes unallocated depreciation, interest on debt, amortization of bond issuance costs, and special schools.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 5 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year ended June 30, 2012
Unaudited**

Governmental Activities (Continued)

Table 5

Costs of Services

	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
Instruction	\$ 2,306,622	\$ 2,060,198	\$ 2,177,120	\$ 1,947,068
Support services:				
Pupils and instructional staff	727,125	661,939	733,670	653,621
School administration	181,412	181,412	166,393	166,393
General & business admin.	258,720	258,720	253,659	253,659
Plant operations & maintenance	387,251	381,330	381,382	375,232
Pupil transportation	352,529	352,529	263,367	263,367
Unallocated benefits	1,288,605	1,274,897	1,086,946	1,067,019
Other	296,755	296,755	294,162	294,162
Total expenses	<u>\$ 5,799,019</u>	<u>\$ 5,467,780</u>	<u>\$ 5,356,699</u>	<u>\$ 5,020,521</u>

Of the \$5,799,019 total cost of services for fiscal year 2012, \$5,467,780 is for activities which are not self-supporting and are supported by tax revenue and unrestricted aid.

Business-Type Activities

Business-type activities include the food service and childcare operation. These programs had revenues of \$163,993 and expenses of \$164,136 for fiscal year 2012. The District received 52% of its revenues from grants from the Federal and State reimbursable lunch and breakfast programs. Revenues from Federal and State grant programs are driven by participation. The Food Service Fund also received a transfer from the General Fund in the amount of \$27,000 to eliminate a deficit in the program. Because program revenues are not adequate to cover the cost of running the food service program, the Board of Education can elected to raise the prices of student and adult lunches.

The School District's Funds

All governmental funds (i.e., General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$5,825,876 and expenditures were \$5,743,338. The schedules included in the financial section of this report demonstrate that the District continues to meet its responsibility for sound financial management.

The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2012, and the amount and percentage of increases and decreases in relation to prior year revenues. The Capital Projects Fund is not included in the schedule because revenue in this fund is infrequent and cannot be compared to the prior year.

**Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year ended June 30, 2012
Unaudited**

The School District's Funds (Continued)

Table 6 - Revenue Comparison

Revenue	Amount	Percent of Total	Increase (Decrease) from 2011	Percent of Increase (Decrease)
Local sources	\$ 2,530,395	43.43%	\$ (146,074)	-5.46%
State sources	2,952,749	50.68%	154,485	5.52%
Federal sources	342,732	5.88%	72,988	27.06%
	<u>\$ 5,825,876</u>	<u>100.00%</u>	<u>\$ 81,399</u>	1.48%

The increase in federal sources is due mainly to the receipt of Education Jobs funds in the current year. The increase in state sources is the result of changes in state aid calculations. The decrease in local sources is attributable to decrease in tuition of \$239,449 offset by an increase in property taxes of \$87,632.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2012, and the amount and percentage of increases and decreases in relation to prior year expenditures.

Table 7 - Expenditure Comparison

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2011	Percent of Increase (Decrease)
Current expense:				
Instruction	\$ 2,293,900	39.94%	\$ 128,895	5.95%
Undistributed	3,188,787	55.52%	289,499	9.99%
Debt Service	206,491	3.60%	3,507	1.73%
Capital Outlay	54,160	0.94%	32,977	155.68%
	<u>\$ 5,743,338</u>	<u>100.00%</u>	<u>\$ 454,878</u>	7.69%

The largest portion of General Fund expenditures is for salaries and benefits. The District is a service entity and as such is labor intensive. This is typical for a service industry in both the public sector and private industry.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. Many of the amendments are due to changes in expenditure priorities. The District uses program based budgeting and the budgeting systems are designed to tightly control program budgets but provide flexibility for program management.

**Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year ended June 30, 2012
Unaudited**

General Fund Budgeting Highlights (Continued)

Revisions in the budget were made to prevent over-expenditures in specific line item accounts. Budget revisions were made to adjust for staffing changes based on student needs, and an unanticipated increase in health and unemployment benefit costs.

For the General Fund, total revenues, on the budget basis, were \$5,301,162. The State contribution for TPAF members for pension and social security is neither a revenue item nor is it an expenditure to the District, but is required to be reflected in the financial statements; elimination of this item will provide a more accurate comparison of budget to actual revenues and expenditures. The total revenues represent an increase of \$509,587 over the final budget amount. This was mainly due to the unanticipated decrease in state aid during the school year caused by the decision of the state to withhold state aid from all school districts in the amount of prior year excess surplus plus 25% of reserve balances.

Total expenditures, on the budget basis, were \$5,211,927. Expenditures were \$149,740 more than the final budget amount. The final budget includes amounts encumbered in the prior year to be expended in the current year. Expenditures were less than anticipated due to tight budgetary controls.

Capital Assets

At the end of fiscal year 2012, the School District had \$3,839,189 invested in land, buildings, and machinery and equipment for governmental and business-type activities. Table 8 shows fiscal year 2012 balances compared to 2011.

Table 8

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land and improvements	\$ 338,775	\$ 356,722			\$ 338,775	\$ 356,722
Buildings and improvements	3,329,988	3,480,677			3,329,988	3,480,677
Vehicles	85,455	135,781			85,455	135,781
Machinery and equipment	67,867	21,086	17,104	13,230	84,971	34,316
Total	\$ 3,822,085	\$ 3,994,266	\$ 17,104	\$ 13,230	\$ 3,839,189	\$ 4,007,496

Debt Administration

At June 30, 2012, the School District had \$1,787,119 of outstanding debt. Of this amount, \$175,002 is for compensated absences; \$22,117 for a capital lease and \$1,590,000 for bonds payable. The District continues to pay down its debt, decreasing bonds and capital leases of \$156,223 in fiscal year 2012. There was a new capital lease issued during the year.

**Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year ended June 30, 2012
Unaudited**

Debt Administration (Continued)

Table 9

Outstanding Debt at Year End

	2012	2011
2006 general obligation bonds	35,000	70,000
2008 general obligation bonds	1,555,000	1,655,000
Capital leases	22,117	15,000
Compensated absences payable	175,002	132,208
Total	\$ 1,787,119	\$ 1,872,208

For the Future

The Elk Township School District has continued to maintain the highest standards of service to our students, parents, and community. We strive to be a community center and will continue to offer facilities and services that will be a source of pride for our community.

Elk Township is a rural community, with very little industry, thus the burden of tax increases is borne by the homeowners. A major concern is the continued increase in the costs of operating the District with a decrease increase in State aid. While voter approval is no longer needed for budget approval, the Board is painfully cognizant of financial burden on the community and works to effectively maximize available funds.

Maintenance of the school building is a priority of the District. The District successfully passed a bond referendum in March of 2008, for renovation/repairs of the existing facility in the amount of \$1,750,000. The project includes roof repairs, electrical and HVAC renovations, removal of asbestos tiles and replacement of carpeting, bathroom and library renovations, and site improvements.

The District has experienced a decrease in enrollment over the past five years, but the District could experience an increase in the future. Housing projects have been approved in the Township on land that was previously used for agricultural purposes. A drastic increase in the growth rate would necessitate an expansion of existing facilities, or the construction of a new facility.

The District continues to investigate and implement shared service agreements to decrease costs while providing quality services. Recently the District signed shared service agreements with the constituent high school district for the provision of numerous services including Superintendent, Business Administrator, Director of Instruction, Director of Child Study Team, Transportation Coordinator and services, Facilities Manager, Technology Coordinator, and purchasing services. Through a committee of the Board, meetings are being held with the regional high school district and constituent elementary district to discuss additional opportunities for the sharing of services and personnel.

The ability of the District to continue as a separate entity continues to be an open discussion based on laws that were recently passed by the legislature. The law mandates the submission of a plan by the Executive County Superintendent, within a three year

**Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year ended June 30, 2012
Unaudited**

For the Future (Continued)

period, to consolidate local public school districts within the county into comprehensive consolidated or regional school districts, with a focus on the consolidation of limited purpose regional school districts with the local public school districts of the constituent municipalities. The plan was submitted by the Executive County Superintendent in March of 2010, and indicated a full purpose regional school district comprised of the municipalities of Franklin, Elk, Newfield, and possibly Clayton, would be advantageous. The ultimate decision to create a full purpose regional school district and eliminate the constituent elementary districts resides with the taxpayers of the affected municipalities.

Recent controversial discussion on the possible consolidation of the Elk Township School District, Delsea Regional High School District, and the Franklin Township School District has, for the moment, been put to rest with the resolution passed by Franklin to cease further investigation on the matter coupled with the seeming lack of support from the public. In the future, the possibility that the Boards may come to an agreement on this issue remains conceivable.

In conclusion, the Elk Township School District has committed itself to financial excellence for many years. The District plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide the taxpayers, investors, creditors and other interested parties with a general overview of the District's finances and to show the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact Dr. Piera Gravenor, Superintendent, or Joseph M. Collins, Business Administrator/Board Secretary at the address below or visit our web-site at www.elk.k12.nj.us.

Elk Township Board of Education
98 Unionville Road
Glassboro, New Jersey 08028
(856) 881-6889

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	663,727	44,485	708,212
Receivables, net	242,921	2,646	245,567
Interfund receivable	4,861		4,861
Inventory		5,359	5,359
Restricted assets:			
Cash and cash equivalents	3,441		3,441
Capital reserve account - cash	273,368		273,368
Deferred bond issuance costs, net	18,225		18,225
Capital assets:			
Non-depreciable	45,404		45,404
Assets net of depreciation	3,776,681	17,104	3,793,785
Total assets	<u>5,028,628</u>	<u>69,594</u>	<u>5,098,222</u>
LIABILITIES			
Accounts payable	140,564		140,564
Accrued interest payable	32,468		32,468
Deferred revenue	750	1,809	2,559
Deposits payable		1,198	1,198
Noncurrent liabilities:			
Due within one year	176,792		176,792
Due beyond one year	1,610,327		1,610,327
Total liabilities	<u>1,960,901</u>	<u>3,007</u>	<u>1,963,908</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,195,725	17,104	2,212,829
Restricted for:			
Debt service	2		2
Capital projects	276,748		276,748
Other purposes	717,016		717,016
Unrestricted	(121,764)	49,483	(72,281)
Total net assets	<u>3,067,727</u>	<u>66,587</u>	<u>3,134,314</u>

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
Instruction:							
Regular	1,635,316				(1,635,316)		(1,635,316)
Special education	543,727		246,424		(297,303)		(297,303)
Other special instruction	114,200				(114,200)		(114,200)
Other instruction	13,379				(13,379)		(13,379)
Support services:							
Tuition	177,061				(177,061)		(177,061)
Student & instructional related services	550,064		65,186		(484,878)		(484,878)
School administrative services	181,412				(181,412)		(181,412)
General & business administrative services	258,720				(258,720)		(258,720)
Plant operations & maintenance	387,251	5,921			(381,330)		(381,330)
Pupil transportation	352,529				(352,529)		(352,529)
Unallocated benefits	1,288,605		13,708		(1,274,897)		(1,274,897)
Interest on long-term debt	68,749				(68,749)		(68,749)
Amortization of bond issuance costs	1,657				(1,657)		(1,657)
Capital outlay	35,409				(35,409)		(35,409)
Unallocated depreciation	190,940				(190,940)		(190,940)
Total governmental activities	<u>5,799,019</u>	<u>5,921</u>	<u>325,318</u>		<u>(5,467,780)</u>		<u>(5,467,780)</u>
Business-type activities:							
Food service	164,136	58,327	84,690			(21,119)	(21,119)
Childcare	10,886	20,976				10,090	10,090
Total business-type activities	<u>175,022</u>	<u>79,303</u>	<u>84,690</u>			<u>(11,029)</u>	<u>(11,029)</u>
Total primary government	<u>5,974,041</u>	<u>85,224</u>	<u>410,008</u>		<u>(5,467,780)</u>	<u>(11,029)</u>	<u>(5,478,809)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					2,332,830		2,332,830
Taxes levied for debt service					119,902		119,902
Federal and State aid not restricted					2,978,663		2,978,663
Tuition received					51,320		51,320
Investment earnings					9,579	86	9,665
Miscellaneous Income					8,264		8,264
Contributed capital - fixed assets						5,590	5,590
Loss on disposal of assets					(7,249)		(7,249)
Transfers					(27,000)	27,000	
Total general revenues, special items, extraordinary items and transfers					<u>5,466,309</u>	<u>32,676</u>	<u>5,498,985</u>
Change in net assets					(1,471)	21,647	20,176
Net assets - beginning					<u>3,069,198</u>	<u>44,940</u>	<u>3,114,138</u>
Net assets - end					<u>3,067,727</u>	<u>66,587</u>	<u>3,134,314</u>

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

ELK TOWNSHIP BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	662,876		3,439	2	666,317
Receivables from other governments	75,973	86,926			162,899
Other receivables	80,022				80,022
Interfund accounts receivable	86,453				86,453
Restricted cash and cash equivalents	273,368				273,368
Total assets	1,178,692	86,926	3,439	2	1,269,059
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	129,555	11,009			140,564
Interfund accounts payable		81,533	59		81,592
Deferred revenue		750			750
Total liabilities	129,555	93,292	59		222,906
Fund Balances:					
Restricted for:					
Capital reserve account	273,368				273,368
Excess surplus - prior year - designated for subsequent year's expenditures	456,167				456,167
Excess surplus - current year	159,829				159,829
Debt service fund				2	2
Capital projects fund			3,380		3,380
Assigned fund balance:					
Other purposes	43,727				43,727
Designated by the BOE for for subsequent year's expenditures	57,293				57,293
Unassigned Fund Balance:					
General fund	58,753				58,753
Special revenue fund		(6,366)			(6,366)
Total fund balances	1,049,137	(6,366)	3,380	2	1,046,153
Total liabilities and fund balances	1,178,692	86,926	3,439	2	

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2012

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$7,006,639 and the accumulated depreciation is \$3,184,554 (See Note 7).	3,822,085
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 8).	(1,787,119)
Internal service funds are used by management to charge the costs of certain activities, such as custodial services to other governments. Assets and liabilities of the Internal Service Fund of \$851 are included in the Statement of Net Assets.	851
The costs associated with the issuance of bonds are expensed in the governmental funds in the year the bonds are issued but are capitalized on the statement of nets assets. The bond issuance cost is \$24,853 and accumulated amortization is \$6,628.	18,225
Interest on long-term debt in the statement of activities is accrued, regardless of when due.	(32,468)
Net assets of governmental activities	<u><u>3,067,727</u></u>

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	2,332,830			119,902	2,452,732
Tuition	51,320				51,320
Interest earned on investments	9,220		59		9,279
Interest earned on capital reserve funds	300				300
Miscellaneous	8,264	8,500			16,764
	<u>2,401,934</u>	<u>8,500</u>	<u>59</u>	<u>119,902</u>	<u>2,530,395</u>
State sources	2,802,098	64,061		86,590	2,952,749
Federal sources	89,975	252,757			342,732
	<u>5,294,007</u>	<u>325,318</u>	<u>59</u>	<u>206,492</u>	<u>5,825,876</u>
EXPENDITURES:					
Current:					
Regular instruction	1,604,871				1,604,871
Special education instruction	297,797	246,026			543,823
Other special instruction	131,827				131,827
Other instruction	13,379				13,379
Support:					
Tuition	177,061				177,061
Student & instruction related services	473,644	65,186			538,830
School administrative services	169,286				169,286
Other administrative services	255,928				255,928
Plant operations and maintenance	394,589				394,589
Pupil transportation	367,529				367,529
Unallocated benefits	1,271,856	13,708			1,285,564
Debt service:					
Principal				135,000	135,000
Interest				71,491	71,491
Capital outlay	54,160				54,160
	<u>5,211,927</u>	<u>324,920</u>		<u>206,491</u>	<u>5,743,338</u>
Excess (deficiency) of revenues over expenditures	<u>82,080</u>	<u>398</u>	<u>59</u>	<u>1</u>	<u>82,538</u>
Other financing sources (uses):					
Capital leases (non-budgeted)	28,340				28,340
Transfers in	59				59
Transfers out	(27,000)		(59)		(27,059)
	<u>1,399</u>		<u>(59)</u>		<u>1,340</u>
Total other financing sources (uses)	<u>1,399</u>		<u>(59)</u>		<u>1,340</u>
Net change in fund balances	83,479	398		1	83,878
Fund balance - July 1	965,658	(6,764)	3,380	1	962,275
Fund balance - June 30	<u>1,049,137</u>	<u>(6,366)</u>	<u>3,380</u>	<u>2</u>	<u>1,046,153</u>

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2012

Total net change in fund balances - governmental funds (from B-2)		83,878
<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		(190,940)
Capital outlays		26,008
		(164,932)
<p>In the statement of activities, only the gain/loss on disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from from the change in fund balance by the cost of the asset removed.</p>		
		(7,249)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
Bond principal		135,000
Capital lease obligation principal		21,223
Capital lease proceeds		(28,340)
<p>Internal service funds are used by management to charge the costs of certain activities, such as custodial services. The operating income of \$658 are included in the governmental activities in the Statement of Activities</p>		
		658
<p>In the statement of activities, interest on long-tem debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a reduction in the reconciliation.</p>		
		2,742
<p>Bond issuance costs are reported in the governmental funds as expenditures in the year the bonds are issued. However, on the statement of activities, the costs are amortize over the life of the bonds.</p>		
		(1,657)
<p>In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.</p>		
		(42,794)
Change in net assets of governmental activities		(1,471)

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-type Activites Enterprise Funds		Governmental Activities - Internal
	<u>Food Service</u>	<u>Childcare</u>	<u>Service Fund</u>
ASSETS			
Current assets:			
Cash and cash equivalents	26,470	18,015	851
Accounts receivable:			
State	57		
Federal	2,589		
Inventory	5,359		
Total current assets	<u>34,475</u>	<u>18,015</u>	<u>851</u>
Noncurrent assets:			
Furniture, machinery & equipment	52,782		
Less accumulated depreciation	(35,678)		
Total noncurrent assets	<u>17,104</u>		
Total assets	<u><u>51,579</u></u>	<u><u>18,015</u></u>	<u><u>851</u></u>
LIABILITIES			
Current liabilities:			
Deferred revenue	1,809		
Deposits payable	1,198		
Total current liabilities	<u>3,007</u>		
NET ASSETS			
Invested in capital assets net of related debt	17,104		
Unrestricted	31,468	18,015	851
Total net assets	<u><u>48,572</u></u>	<u><u>18,015</u></u>	<u><u>851</u></u>

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Business-type Activities Enterprise Funds		Governmental Activities - Internal Service Fund
	<u>Food Service</u>	<u>Childcare</u>	<u>Service Fund</u>
Operating revenues:			
Charges for services			
Daily sales - reimbursable programs	39,640		
Daily sales - non-reimbursable programs	15,554		
Tuition		20,976	
Special functions	3,133		
Services provided to other governmental entities			5,921
Total operating revenues	<u>58,327</u>	<u>20,976</u>	<u>5,921</u>
Operating expenses:			
Salaries	62,282	10,634	5,176
Employee benefits	20,961		
Purchased property services	99		
Other purchased services	16,164		
Supplies and materials	4,423	252	87
Cost of sales	58,491		
Depreciation	1,716		
Total operating expenses	<u>164,136</u>	<u>10,886</u>	<u>5,263</u>
Operating income (loss)	<u>(105,809)</u>	<u>10,090</u>	<u>658</u>
Nonoperating revenues (expenses):			
Interest earned	86		
State sources:			
State school lunch program	1,694		
Federal sources:			
School breakfast program	16,511		
National school lunch program	53,961		
School milk program	1,084		
Food distribution program	11,440		
Contributed capital - capital assets	5,590		
Total nonoperating revenues (expenses)	<u>90,366</u>		
Income (loss) before operating transfers	(15,443)	10,090	658
Transfers in	27,000		
Change in net assets	11,557	10,090	658
Total net assets - beginning	<u>37,015</u>	<u>7,925</u>	<u>193</u>
Total net assets - ending	<u>48,572</u>	<u>18,015</u>	<u>851</u>

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Business-type Activities Enterprise Funds		Governmental Activities -
	Food Service	Childcare	Internal Service Fund
	<u>Food Service</u>	<u>Childcare</u>	<u>Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	60,097	20,976	5,921
Payments to employees	(62,282)	(10,634)	(5,176)
Payments for employee benefits	(20,961)		
Payments to suppliers	(69,976)	(252)	(87)
Net cash provided by (used for) operating activities	<u>(93,122)</u>	<u>10,090</u>	<u>658</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Payments from General Fund	27,000		
Federal and state reimbursements	70,604		
Decrease in interfund receivable	6,000		
Net cash provided by (used for) non-capital financing activities	<u>103,604</u>		
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest earned	86		
Net cash provided by investing activities	<u>86</u>		
Net increase (decrease) in cash and cash equivalents	10,568	10,090	658
Balances - beginning of year	15,902	7,925	193
Balances - end of year	<u>26,470</u>	<u>18,015</u>	<u>851</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	(105,809)	10,090	658
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	1,716		
Food distribution program	11,440		
Decrease in accounts receivable	855		
(Increase) decrease in inventory	(2,239)		
Increase in deferred revenue	915		
Net cash provided by (used for) operating activities	<u>(93,122)</u>	<u>10,090</u>	<u>658</u>

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Unemployment Compensation Trust	Scholarship Fund	Agency Fund
ASSETS			
Cash and cash equivalents	11,951	1,168	34,776
Interfund receivable:			
Payroll Agency	674		
	12,625	1,168	34,776
LIABILITIES			
Payroll deductions and withholdings			21,974
Due to student groups			7,267
Interfund payables:			
Unemployment trust fund			674
General fund			4,861
			34,776
NET ASSETS			
Held in trust for unemployment claims	12,625		
Nonexpendable trust		1,168	

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2012

	Unemployment Compensation Trust	Scholarship Fund
	<u> </u>	<u> </u>
ADDITIONS:		
Contributions:		
Plan member	6,036	
Contribution from general fund	25,000	
	<u>31,036</u>	
Investment earnings:		
Interest	64	9
	<u>31,100</u>	<u>9</u>
DEDUCTIONS:		
Unemployment claims	27,891	
Scholarships awarded		200
	<u>27,891</u>	<u>200</u>
Change in net assets	3,209	(191)
Net assets - beginning of year	9,416	1,359
Net assets - end of year	<u>12,625</u>	<u>1,168</u>

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

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

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

A. Reporting Entity

The Elk Township School District is a Type II district located in the County of Gloucester, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. The purpose of the District is to educate students in grades K–6.

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

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

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

B. Basis of Presentation

The School District's basic financial statements consist of District-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

District-Wide Statements:

The Statement of Net Assets and Statement of Activities display information about the District as a whole. These statements include the financial activities of the overall District except for fiduciary funds. These statements distinguish between governmental and business-type activities of the School District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Assets presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs; and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among District financial reporting models.

GOVERNMENTAL FUNDS

The focus of governmental fund measurement is on determination of financial position and changes of financial position, (sources, uses and balances of financial resources) rather than on net income. The District reports the following governmental funds:

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

General Fund (Continued) - As required by the New Jersey State Department of Education, the District included budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

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

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

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

PROPRIETARY FUNDS

The focus of proprietary fund measurement is on determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The District reports the following proprietary funds:

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

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

Internal Service Fund - The internal service fund has been established to account for the financing of services provided by the District to other governmental entities. Services are provided on a cost-reimbursement basis.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**B. Basis of Presentation (Continued)
FIDUCIARY FUNDS**

Fiduciary funds include private purpose trust funds and agency funds. The private purpose trust funds consist of expendable trust funds and nonexpendable trust funds. The measurement focus of the expendable trust funds is the same as for governmental funds. The measurement focus of the nonexpendable trust funds is similar to proprietary funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The District reports the following fiduciary funds:

Private Purpose Trust Funds - The private purpose trust funds consist of expendable trust funds. The expendable trust funds are accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. The expendable trust funds account for assets where both the principal and interest may be spent. The expendable trust funds include the unemployment compensation insurance fund and a scholarship fund.

Agency Funds - The agency funds are used to account for the assets that the District holds on behalf of others as their agent. The agency funds are custodial in nature and do not involve measurement of results of operations. The agency funds include the payroll, payroll agency, and student activities funds.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

Governmental Fund Financial Statements:

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

District-wide, Proprietary, and Fiduciary Fund Financial Statements:

The District-wide financial statements are prepared using the accrual basis of accounting. Governmental Funds use the modified accrual basis of accounting; the Proprietary and Fiduciary Funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Governmental Fund Financial Statements: (Continued)

Ad Valorem (property) taxes are susceptible to accrual and under New Jersey State statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year.

The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable."

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budgets are submitted to the county office for approval and are approved by the board of school estimates. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:23-2.2 f(1). All budget amendments and transfers of appropriations must be made by School Board resolution at any time during the fiscal year. All budget amendments presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year.

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

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

E. Encumbrance Accounting

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Encumbrance Accounting (Continued)

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

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

F. Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, cash in banks, money market accounts and all highly liquid investments with a maturity of three months or less at the time of purchase.

U.S. Treasury agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited to the types of investments and types of financial institutions they may invest in. New Jersey statute provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. NJSA 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least 5% of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

G. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

H. Inventories

Inventory purchases, other than those recorded in the Enterprise Fund, are recorded as expenditures during the year of purchase. Enterprise Fund inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

I. Interfund Receivables/Payables

Transfers between governmental and business-type activities on the district-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Interfund Receivables/Payables (Continued)

Interfund transfers are reported as other financing sources/uses in Governmental Funds and after non-operating revenues/expenses in the Enterprise Fund. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

J. Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal repairs and maintenance are not capitalized. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the estimated useful lives:

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

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the Governmental Fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

K. Accrued Salaries and Wages

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

L. Compensated Absences

The 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.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. Upon termination, employees are paid for accrued vacation.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Compensated Absences (Continued)

The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary-related payments for the employer's share of social security and Medicare taxes are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

M. Deferred Revenue

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

N. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the district-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from Governmental Funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

P. Fund Balance Reserves

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Balance Reserves (Continued)

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

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

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

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

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available; the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available; the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Q. Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Revenues – Exchange and Non-exchange Transactions (Continued)

liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its District the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the amount is both measurable and available. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal yearend: property taxes available as an advance, interest, and tuition.

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Proprietary Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund.

S. Allocation of Indirect Expenses

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

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. There were no extraordinary or special items in the 2011-2012 fiscal year.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Use of Estimates

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

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Deposits

Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the Governmental Unit Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes NJSA 18A:20-37 that are treated as cash equivalents. The carrying amount of the District's cash and cash equivalents at June 30, 2012 and 2011, was \$1,032,916 and \$803,538. As of June 30, 2012 and 2011, \$0 of the District's bank balance of \$1,191,247 and \$950,793, respectively, was exposed to Custodial Credit Risk.

NOTE 3: INVESTMENTS

As of June 30, 2012 and 2011, the District did not have any investments.

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

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

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

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2012

NOTE 4: RECEIVABLES

Receivables at June 30, 2012, (see Exhibit B-1 and B-4) consisted of intergovernmental and property taxes receivable. All receivables are considered collectible in full. A summary of the principal items of the intergovernmental receivables are as follows:

	Governmental Activities	Business- Type Activities
State aid	77,693	57
Other	163,902	2,589
Federal aid	1,326	
	<u>242,921</u>	<u>2,646</u>

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remain on the balance sheet at June 30, 2012:

	Interfund	
	Receivable	Payable
General Fund	\$ 86,453	
Special Revenue Fund		81,533
Capital Projects Fund		59
Fiduciary Funds	674	
Trust and Agency Fund		5,535
	<u>\$ 87,127</u>	<u>\$ 87,127</u>

Interfunds were the result of credit balances in the cash and cash equivalents at the end of the year.

NOTE 6: INVENTORY

Inventory in the Food Service Fund at June 30, 2012, consisted of the following:

Food	\$ 2,727
Commodities	1,808
Supplies	824
	<u>\$ 5,359</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Act of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7: CAPITAL ASSETS

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

	Balance <u>July 1, 2011</u>	Additions	Retirements	Balance <u>June 30, 2012</u>
Governmental activities:				
Capital assets not being depreciated				
Sites (land)	\$ 45,404			\$ 45,404
Total capital assets not being depreciated	<u>45,404</u>			<u>45,404</u>
Assets that are being depreciated:				
Site improvements	377,719			377,719
Building & building improvements	5,725,795	7,257	(7,287)	5,725,765
Vehicles	391,680		(3,700)	387,980
Machinery & equipment	451,020	18,751		469,771
Totals at historical cost	<u>6,946,214</u>	<u>26,008</u>	<u>(10,987)</u>	<u>6,961,235</u>
Less: accumulated depreciation				
Site improvements	(66,401)	(17,947)		(84,348)
Building & building improvements	(2,245,118)	(150,659)		(2,395,777)
Vehicles	(315,239)	(8,564)	3,690	(320,113)
Machinery & equipment	(370,594)	(13,770)	48	(384,316)
Total accumulated depreciation	<u>(2,997,352)</u>	<u>(190,940)</u>	<u>3,738</u>	<u>(3,184,554)</u>
Governmental activities capital assets, net	<u>\$ 3,994,266</u>	<u>\$ (164,932)</u>	<u>\$ (7,249)</u>	<u>\$ 3,822,085</u>
Business-type activities:				
Machinery & equipment	\$ 49,304	5,590	\$ 2,112	\$ 52,782
Less: accumulated depreciation	(36,074)	\$ (1,716)	2,112	(35,678)
Business-type capital assets, net	<u>\$ 13,230</u>	<u>\$ 3,874</u>	<u>\$ -</u>	<u>\$ 17,104</u>

NOTE 8: GENERAL LONG-TERM DEBT

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

A. Bonds Payable

On August 15, 2006, the District issued general obligation bonds of \$191,000 (par value) with interest rates ranging from 4.20% to 4.45%. Maturities of the 2006 bonds range from 2008 to 2013. The remaining balance at June 30, 2012, was \$35,000.

The Board sold general obligation bonds on June 26, 2008, with an issue date of July 15, 2008, in the amount of \$1,750,000. The bonds have an interest rate ranging from 4.25% to 4.375% and mature from 2010 to 2023. The remaining balance at June 30, 2012, was \$1,555,000.

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2012

NOTE 8: GENERAL LONG-TERM DEBT (CONTINUED)

B. Long-term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2012, are as follows:

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012	Due in One year
Compensated absences					
Governmental	\$ 132,208	\$ 71,739	\$ 28,945	\$ 175,002	
Bonds payable	1,725,000		135,000	1,590,000	135,000
Capital leases	15,000	28,340	21,223	22,117	
	<u>\$ 1,872,208</u>	<u>\$ 100,079</u>	<u>\$ 185,168</u>	<u>\$ 1,787,119</u>	<u>\$ 135,000</u>

C. Bonds Payable

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

Year Ended June 30	Principal	Interest	Total
2013	135,000	65,701	200,701
2014	130,000	59,265	189,265
2015	130,000	53,732	183,732
2016	130,000	48,206	178,206
2017	130,000	42,681	172,681
2017-2022	650,000	130,531	780,531
2023-2024	285,000	12,491	297,491
	<u>\$ 1,590,000</u>	<u>\$ 412,607</u>	<u>\$ 2,002,607</u>

D. Bonds Authorized but Not Issued

As of June 30, 2012, the Board has \$0 of bonds authorized but not issued.

E. Other

Interest paid on debt issued by the District is exempt from federal income tax. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the federal government based on the requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

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

For the year ended June 30, 2012, it is not necessary for the Board to establish a liability for arbitrage rebate.

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2012

NOTE 8: GENERAL LONG-TERM DEBT (CONTINUED)

F. Capital Lease Payable

The District has entered into a lease purchase agreement for the acquisition of a pickup truck. The lease agreement is for five years and carries an interest rate of 4.9%. The capital lease future minimum lease payments are as follows.

Year Ended			
June 30	Principal	Interest	Total
2013	5,139	1,084	6,223
2014	5,391	832	6,223
2015	5,655	568	6,223
2016	5,932	291	6,223
	22,117	2,775	24,892
	22,117	2,775	24,892

NOTE 9: OPERATING LEASES

The District has commitments to lease copiers under five year non-cancelable operating leases. Total lease payments made during the year ended June 30, 2012, amounted to \$12,706. Future minimum lease payments are as follows:

Year Ended	
June 30	Amount
2013	12,762
2014	9,777
2015	1,115
2016	372
Total	\$ 24,026
	\$ 24,026

NOTE 10: PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both systems will be assumed by the State of New Jersey should the systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625, or can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archieve.htm.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund (TPAF) was established as of January 1, 1955, under the provisions of NJSA 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing, multiple-employer plan with

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 10: PENSION PLANS (CONTINUED)

Teachers' Pension and Annuity Fund (TPAF) (Continued) - a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified titles.

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

Funding Policy - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and NJSA 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Effective with the first payroll to be paid on or after October 1, 2011, the employee contributions for TPAF and PERS increased from 5.5% of employees' annual compensation, as defined, to 6.5%. Subsequent increases will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018.

The School District's liability to the TPAF for post-retirement medical benefits and life insurance premiums for the years ending June 30, 2012, 2011 and 2010, were \$234,645, \$171,664 and \$173,575, respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2012, 2011 and 2010, were \$42,659, \$54,684 and \$46,262, respectively, equal to the required contributions for each year.

Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board for the years ending June 30, 2012, 2011 and 2010, \$162,131, \$167,716 and \$191,773 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) is a cost-sharing, multiple-employer defined contribution pension fund which was established on July 1, 2007, under provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (NJAC 43:15C-1 et. seq.). The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provision are established by NJSA 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 10: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (Continued) - pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contributes amounts for each pay period to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District's contributions to DCRP for the years ending June 30, 2012, 2011 and 2010, were \$479, \$257 and \$0.

NOTE 11: POST RETIREMENT BENEFITS

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

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

NOTE 12: DEFERRED COMPENSATION

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans 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 administrator is Lincoln Investment Planning, Inc.

NOTE 13: COMPENSATED ABSENCES

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. The District's policy permits employees to accumulate sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2012

NOTE 13: COMPENSATED ABSENCES (CONTINUED)

be paid by the District for the unused sick leave in accordance with District’s agreements with the various employee unions. The District uses the vesting method to record the liability.

For the District-wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year should be reported in two components - the amount due within one year and the amount due in more than one year. The liability for compensated absences in the governmental fund at June 30, 2012, is \$175,002.

NOTE 14: RISK MANAGEMENT

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

Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. Any potential liability of the District with respect to loss claims would be equal to the deductibles associated with policies and events which may exceed coverage limits. There have not been any significant reductions in insurance coverage amounts.

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method.” Under this plan, the 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. This District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$ 25,000	\$ 6,036	\$ 27,891	\$ 12,625
2010-2011	\$ 49,761	\$ 5,201	\$ 47,057	\$ 9,416
2009-2010	\$ 29,000	\$ 5,583	\$ 46,323	\$ 1,483

NOTE 15: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District during fiscal year 1995 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department,

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 15: CAPITAL RESERVE ACCOUNT (CONTINUED)

a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to NJSA 19:60-2. Pursuant to NJAC 6A-23-2.13(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning balance, July 1, 2011	\$ 173,068
Interest earnings	300
Additions	<u>100,000</u>
Ending balance, June 30, 2012	<u><u>\$ 273,368</u></u>

The June 30, 2012, LRFP balance of local support costs of uncompleted capital projects is \$1,712,782.

NOTE 16: ECONOMIC DEPENDENCY

The District is heavily reliant on federal and state sources to fund the District operations. Federal and state sources funded approximately 57% of the District's 2011-2012 governmental operations. A significant reduction in the level of support, if this were to occur, would have an effect on the District's programs and activities.

NOTE 17: FUND BALANCE APPROPRIATED

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

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

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

Specific classifications of fund balance are summarized below:

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 17: FUND BALANCE APPROPRIATED (CONTINUED)

RESTRICTED FUND BALANCE:

Non-Spendable Fund Balance - The District had no non-spendable fund balance at June 30, 2012.

Capital Reserve Account - Of the \$273,368 balance in the capital reserve account at June 30, 2012, \$0 has been designated for utilization in the 2012-2013 budget. These funds are restricted for future capital outlay expenditures for projects in the School District's long range facilities plan.

Maintenance Reserve Account - The District had no maintenance reserve account at June 30, 2012.

Excess Surplus - At June 30, 2012, excess surplus created in FY 2011 of \$456,167 will be utilized for expenditures in the 2012-2013 budget, while excess surplus created in FY 2012 of \$159,829 is restricted and will be utilized for budget expenditures in 2013-2014.

Debt Service Fund - At June 30, 2012, there was \$2 fund balance.

Capital Projects Fund - At June 30, 2012, there was \$3,380 fund balance.

Committed Fund Balance - The District had no fund balance at June 30, 2012.

Assigned Fund Balance - At June 30, 2012, the Board of School Estimates has assigned \$57,293 of general fund balance to expenditures in the 2012-2013 budget; \$43,727 was assigned for other purposes as of the year end. This represents encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by District officials.

Unassigned Fund Balance - At June 30, 2012, the District has \$58,753 of unassigned fund balance in the general fund.

Special Revenue Fund - As of June 30, 2012, the fund balance was a deficit of \$6,366, thus resulting in the fund balance classification of unassigned.

NOTE 18: CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, the designation for Reserved Fund Balance - Excess Surplus is 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, fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2012 and 2011, is \$615,996 and \$461,362, respectively.

NOTE 19: DEFICIT IN FUND BALANCE

The District has a deficit fund balance of \$6,366 in the Special Revenue Fund as of June 30, 2012 as reported in the fund statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The law provides legal authority for districts to

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 19: DEFICIT IN FUND BALANCE (CONTINUED)

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 the asset, the other government recognizes the liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the Special Revenue Fund balance deficit does not alone indicate that the District is facing financial difficulties.

NOTE 20: CONTINGENT LIABILITIES

The School District participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

It is the opinion of the administration and legal counsels, there exists no litigation or contingent liability that may be pending against the Elk Township School District that would have a material or adverse effect on the Board or the financial position of the District.

NOTE 21: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2012 and November 21, 2012, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

Required Supplementary Information – Part II

ELK TOWNSHIP BOARD OF EDUCATION
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local tax levy	2,332,830		2,332,830	2,332,830	
Tuition	30,000		30,000	51,320	21,320
Interest on investments				9,220	9,220
Interest earned on capital reserve funds	300		300	300	
Miscellaneous	9,000		9,000	8,264	(736)
Total - local sources	2,372,130		2,372,130	2,401,934	29,804
State Sources:					
Extraordinary aid	33,730		33,730	62,570	28,840
Categorical special education aid	179,377		179,377	179,377	
Equalization aid	1,898,933		1,898,933	1,898,933	
Adjustment aid				48,446	48,446
Categorical security aid	60,810		60,810	60,810	
Categorical transportation aid	155,238		155,238	158,165	2,927
Reimbursed nonpublic school transportation costs				4,176	4,176
TPAF - post retirement medical (on-behalf non-budgeted)				7,554	7,554
Teachers' pension & annuity fund (on-behalf non-budgeted)				227,091	227,091
Reimbursed TPAF social security contributions (non-budgeted)				162,131	162,131
Total - state sources	2,328,088		2,328,088	2,809,253	481,165
Federal sources:					
Medical assistance program	5,925		5,925	4,543	(1,382)
Education jobs fund	82,837	2,595	85,432	85,432	
Total - federal sources	88,762	2,595	91,357	89,975	(1,382)
Total revenues	4,788,980	2,595	4,791,575	5,301,162	509,587

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current expense:					
Regular programs - instruction					
Preschool - salaries of teachers	24,837	24,263	49,100	49,100	
Kindergarten - salaries of teachers	200,345	(21,706)	178,639	178,639	
Grades 1-5 - salaries of teachers	1,019,839	37,910	1,057,749	1,057,749	
Grades 6-8 - salaries of teachers	180,572	(3,766)	176,806	175,873	933
Regular programs - home instruction					
Purchased professional - educational services	1,500	(1,500)			
Regular programs - undistributed instruction					
Other salaries for instruction	35,259	31,700	66,959	66,959	
Other purchased services	19,450	(815)	18,635	18,635	
General supplies	58,758	(552)	58,206	57,482	724
Textbooks	6,000	(5,566)	434	434	
Total regular programs - instruction	1,546,560	59,968	1,606,528	1,604,871	1,657
Special education instruction					
Multiple disabilities					
Other Salaries for Instruction		27,854	27,854	27,854	
General supplies		4,357	4,357	4,347	10
Total Multiple disabilities		32,211	32,211	32,201	10
Resource room/resource center					
Salaries of teachers	223,504	28,531	252,035	252,035	
General supplies	1,737		1,737	1,737	
Total resource room/resource center	225,241	28,531	253,772	253,772	
Preschool disabilities - part time					
Salaries of teachers	22,140	(22,140)			
Other salaries for instruction	6,431	100	6,531	6,531	
Total preschool disabilities - part time	28,571	(22,040)	6,531	6,531	
Home instruction:					
Purchased professional - educational services	11,500	(6,207)	5,293	5,293	
Total home instruction	11,500	(6,207)	5,293	5,293	
Total special education - instruction	265,312	32,495	297,807	297,797	10
Basic skills/remedial - instruction					
Salaries of teachers	178,166	(53,285)	124,881	124,881	
Other salaries for instruction		6,625	6,625	6,625	
General supplies	1,250	(929)	321	321	
Total basic skills/remedial - instruction	179,416	(47,589)	131,827	131,827	
School-spon. cocurricular activities - inst.					
Salaries	4,000	(500)	3,500	3,450	50
Total school-spon. cocurricular activities - inst.	4,000	(500)	3,500	3,450	50
Before/after school programs - instruction					
Salaries of teachers	12,465	(9,199)	3,266		3,266
Summer school - instruction:					
Salaries of teachers	4,750	3,184	7,934	7,934	
Other salaries for instruction	1,000	995	1,995	1,995	
Total summer school - instruction	5,750	4,179	9,929	9,929	
Total instructions	2,013,503	39,354	2,052,857	2,047,874	4,983

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed expenditures - instruction					
Tuition to other LEA's within the state - regular		150	150	106	44
Tuition to CSSD & regional day schools	114,367	30,597	144,964	144,964	
Tuition to private schools for the disabled - within state	131,312	(94,419)	36,893	31,991	4,902
Total undistributed expenditures - instruction	245,679	(63,672)	182,007	177,061	4,946
Undistributed expenditures - attendance and social work					
Salaries	10,464	70	10,534	10,534	
Purchased professional/technical services	1,500		1,500	1,275	225
Total undistributed expenditures - attendance and social work	11,964	70	12,034	11,809	225
Undistributed expenditures - health services					
Salaries	65,127	518	65,645	65,560	85
Purchased professional/technical services	5,000	(1,029)	3,971	3,971	
Other purchased services	100		100	55	45
Supplies and materials	1,334	1,050	2,384	1,545	839
Total undistributed expenditures - health services	71,561	539	72,100	71,131	969
Undist. expend. - speech, OT, PT & related services:					
Salaries	68,963	(583)	68,380	68,380	
Purchased professional/educational services	11,200	24,628	35,828	35,674	154
Supplies and materials	300	(300)			
Other objects		3,156	3,156	3,156	
Total undist. expend. - speech, OT, PT & related serv.	80,463	26,901	107,364	107,210	154
Undist. expend. - other supp. serv. students - extra. serv.					
Supplies and materials	1,000	(1,000)			
Undist. expend. - guidance					
Salaries of other professional staff	10,762	(10,414)	348		348
Purchased professional/technical services	4,280	(2,289)	1,991	1,991	
General supplies	1,750	539	2,289		2,289
Total undist. expend. - guidance	16,792	(12,164)	4,628	1,991	2,637
Undist. expend. - child study teams					
Salaries of other professional staff	85,214	(9,796)	75,418	75,418	
Salaries of secretarial and clerical assistants	27,815	13,059	40,874	40,874	
Purchased professional - educational services	5,000	3,120	8,120	8,120	
Miscellaneous purchased services	2,700	(916)	1,784	1,784	
Supplies and materials	1,000	589	1,589	1,589	
Total undist. expend. - child study teams	121,729	6,056	127,785	127,785	
Undistributed expenditures - improvement of inst. services:					
Salaries of supervisors of instruction	43,936	289	44,225	44,225	
Salaries of other professional staff	2,500	(375)	2,125	1,936	189
Other purchased services	500	(430)	70		70
Other objects	350		350		350
Total undistributed expenditures - improvement of inst. services	47,286	(516)	46,770	46,161	609
Undist. expend. - edu. media serv./sch. library:					
Salaries	77,357	1,123	78,480	78,455	25
Salaries of technology coordinators	14,645	113	14,758	14,758	
Other purchased services	3,600	(520)	3,080	1,418	1,662
Supplies and materials	12,516	(859)	11,657	11,657	
Total undist. expend. - edu. media serv./sch. library	108,118	(143)	107,975	106,288	1,687
Undist. expend. - instructional staff training					
Purchased professional/educational services	1,000	(200)	800	704	96
Other purchased services	2,000	716	2,716	565	2,151
Total undist. expend. - instructional staff training	3,000	516	3,516	1,269	2,247

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. expend. - supp. serv. - general administration					
Salaries	17,953	(12,708)	5,245	4,608	637
Legal services	7,500	200	7,700	7,505	195
Audit fees	12,000	(600)	11,400	11,400	
Architectural/engineering services		3,900	3,900	3,900	
Other purchased professional services	45,000		45,000	45,000	
Purchased technical services	2,395		2,395	2,395	
Communications/telephone	7,000	(350)	6,650	6,584	66
BOE other purchased services	1,000	(300)	700	608	92
Other purchased services	13,114	(3,487)	9,627	9,552	75
General supplies	300	450	750	696	54
BOE in-house training/meeting supplies	100		100		100
Miscellaneous expenditures	300	(50)	250	195	55
BOE membership dues and fees	3,375	150	3,525	3,473	52
Total undist. expend. - supp. serv. - general administration	110,037	(12,795)	97,242	95,916	1,326
Undist. expend. - supp. serv. - school administration					
Salaries of principals/assistant principals	86,355		86,355	85,243	1,112
Salaries of other professionals	39,054	235	39,289	39,289	
Salaries of secretarial and clerical assistants	31,792	1,000	32,792	32,049	743
Other salaries	8,250	(6,400)	1,850	951	899
Purchased professional/technical services	2,350	2,050	4,400	3,977	423
Other purchased services	3,200	515	3,715	3,117	598
Supplies and materials	3,000		3,000	2,986	14
Other objects	1,685		1,685	1,674	11
Total undist. expend. - supp. serv. - school administration	175,686	(2,600)	173,086	169,286	3,800
Undist. expend. - central services					
Salaries	82,230	487	82,717	82,717	
Purchased professional services	46,500	2,850	49,350	49,350	
Purchased technical services	12,800	1,326	14,126	14,106	20
Miscellaneous purchased services	2,840	(862)	1,978	1,873	105
Supplies and materials	2,000	122	2,122	573	1,549
Interest on lease purchase agreements	1,050	(1,050)			
Miscellaneous expenditures	25		25		25
Total undist. expend. - central services	147,445	2,873	150,318	148,619	1,699
Undist. expend. - admin. info. tech.					
Purchased technical services	8,000	(2,400)	5,600	5,538	62
Other purchased services	2,782	1,250	4,032	4,032	
Supplies and materials	2,500	764	3,264	1,823	1,441
Total undist. expend. - admin. info. tech.	13,282	(386)	12,896	11,393	1,503
Undist. expend. - required maintenance for school facilities					
Cleaning, repair and maintenance services	58,928	(1,775)	57,153	40,983	16,170
General supplies	5,717	2,275	7,992	5,441	2,551
Total undist. expend. - required maintenance for school facilities	64,645	500	65,145	46,424	18,721
Undist. expend. - custodial services					
Salaries	65,353	419	65,772	65,772	
Salaries of non-instructional aides	20,962	(419)	20,543	19,075	1,468
Other salaries	116,179		116,179	112,309	3,870
Purchased professional/technical services	1,750	500	2,250	1,827	423
Cleaning, repair and maintenance services	24,600	2,000	26,600	24,562	2,038
Insurance	17,499	(330)	17,169	15,649	1,520
Other purchased property		6,223	6,223	6,223	
Miscellaneous purchased services	1,500	300	1,800	667	1,133
General supplies	24,459	(2,196)	22,263	19,113	3,150
Energy (electricity)	56,000	(6,417)	49,583	48,106	1,477
Energy (oil)	38,500	(8,500)	30,000	28,342	1,658
Other Expenditures	1,500	30	1,530	1,519	11
Total undist. expend. - custodial services	368,302	(8,390)	359,912	343,164	16,748

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. expend. - care and upkeep of grounds					
Cleaning, repair and maintenance services	4,000	3,400	7,400	5,001	2,399
General supplies	1,000	(1,000)			
Total undist. expend. - care and upkeep of grounds	5,000	2,400	7,400	5,001	2,399
Total undist. expend. - oper. & maint. of plant services	437,947	(5,490)	432,457	394,589	37,868
Undist. expend. - student transportation services					
Lease purchase payments - school buses	15,000	375	15,375	15,375	
Contract services (other than bet. home & school) vendors	2,500		2,500	2,181	319
Contract services (bet. home & sch) joint agrmnts	303,308	(14,000)	289,308	276,924	12,384
Contract services (spec. ed. students) joint agrmnts	50,000	3,000	53,000	50,949	2,051
Contract services - aid in lieu of payments	17,680	10,625	28,305	22,100	6,205
Total undist. expend. - student transportation services:	388,488		388,488	367,529	20,959
Unallocated benefits - employee benefits					
Social security contributions	50,266	25,000	75,266	59,596	15,670
Other retirement contributions - PERS	66,413	95	66,508	58,430	8,078
Unemployment compensation	150,000	(51,000)	99,000	25,000	74,000
Workmen's compensation	26,936		26,936	24,209	2,727
Health benefits	719,535	(12,493)	707,042	647,167	59,875
Tuition reimbursement	6,000	1,650	7,650	6,300	1,350
Other employee benefits	41,161	13,343	54,504	54,378	126
Total unallocated benefits - employee benefits	1,060,311	(23,405)	1,036,906	875,080	161,826
On-behalf contributions					
On-behalf TPAF pensions contributions (non-budgeted)				227,091	(227,091)
On-behalf TPAF OPEB (post retire. medical) contrib. (non-budgeted)				7,554	(7,554)
Reimbursed TPAF social security contributions (non-budgeted)				162,131	(162,131)
Total on-behalf contributions				396,776	(396,776)
Total personal services - employee benefits	1,060,311	(23,405)	1,036,906	1,271,856	(234,950)
Total undistributed expenditures	3,040,788	(85,217)	2,955,571	3,109,893	(154,321)
Total general current expense	5,054,291	(45,863)	5,008,428	5,157,767	(149,338)
Capital outlay					
Interest deposit to capital reserve	300		300		300
Equipment					
Regular program - Grades 6-8		23,717	23,717		23,717
Regular program - multiple disabilities		18,751	18,751	18,751	
Undist. Expenditures - food service		5,990	5,990	5,590	400
Total equipment		48,458	48,458	24,341	24,117
Facilities acquisition and construction					
Debt service assessment				1,479	(1,479)
Total facilities acquisition and construction				1,479	(1,479)
Assets acquired under capital lease (non-budgeted)					
Undistributed expenditures:					
Custodial services				28,340	(28,340)
Total assets acquired under capital lease (non-budgeted)				28,340	(28,340)
Total capital outlay	300	48,458	48,758	54,160	(5,402)

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special schools					
Summer school - instructions					
Salaries of teachers	4,500		4,500		4,500
General supplies	500		500		500
Total summer school - instruction	<u>5,000</u>		<u>5,000</u>		<u>5,000</u>
Total special schools	<u>5,000</u>		<u>5,000</u>		<u>5,000</u>
Total expenditures	<u>5,059,591</u>	2,595	<u>5,062,186</u>	5,211,927	<u>(149,740)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(270,611)</u>		<u>(270,611)</u>	89,235	<u>659,327</u>
Other financing sources:					
Capital leases (non-budgeted)				28,340	(28,340)
Operating transfer in					
Transfer from capital projects fund				59	59
Operating transfer out					
Transfer to food service fund - board contribution	(27,000)		(27,000)	(27,000)	
Total other financing sources	<u>(27,000)</u>		<u>(27,000)</u>	1,399	<u>(28,281)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	(297,611)		(297,611)	90,634	631,046
Fund balance, July 1	<u>1,182,766</u>		<u>1,182,766</u>	1,182,766	
Fund balance, June 30	<u>885,155</u>		<u>885,155</u>	<u>1,273,400</u>	<u>631,046</u>
Recapitulation:					
Restricted Fund Balance:					
Capital reserve				273,368	
Excess surplus - designated for subsequent year's expenditures				456,167	
Excess surplus - current year				159,829	
Assigned Fund Balance:					
Year-end encumbrances				43,727	
Designated for subsequent year's expenditures				57,293	
Unassigned Fund Balance				283,016	
				<u>1,273,400</u>	
Reconciliation to governmental fund statements (GAAP):					
Last state aid payment not recognized on GAAP Basis				(224,263)	
Fund balance per governmental funds (GAAP)				<u>1,049,137</u>	

ELK TOWNSHIP SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Education Jobs Fund Program
 For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal sources					
Education jobs fund	82,837	2,595	85,432	85,432	
Total revenues	<u>82,837</u>	<u>2,595</u>	<u>85,432</u>	<u>85,432</u>	
EXPENDITURES:					
Education jobs fund					
Regular program - instruction					
Salaries of teachers Grades 1-5	62,300		62,300	62,300	
Employee benefits					
Social security contributions	4,766		4,766	4,766	
Other retirement contributions - regular	15,771	2,595	18,366	18,366	
Total education jobs fund	<u>82,837</u>	<u>2,595</u>	<u>85,432</u>	<u>85,432</u>	

ELK TOWNSHIP BOARD OF EDUCATION
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	204,374	54,492	258,866	252,579	6,287
State sources	63,664		63,664	63,663	1
Other sources		9,250	9,250	8,500	750
Total revenues	<u>268,038</u>	<u>63,742</u>	<u>331,780</u>	<u>324,742</u>	<u>7,038</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	258,501	(124,501)	134,000	133,999	1
Other salaries for instruction	9,387	30,533	39,920	39,920	
Tuition		60,000	60,000	60,000	
Supplies and materials		11,924	11,924	11,174	750
Total instruction	<u>267,888</u>	<u>(22,044)</u>	<u>245,844</u>	<u>245,093</u>	<u>751</u>
Support services:					
Personal services - employee benefits		17,974	17,974	13,708	4,266
Purchased professional/technical services	150	52,117	52,267	50,783	1,484
Other purchased services		8,195	8,195	7,658	537
Supplies and materials		7,500	7,500	7,500	
Total support services	<u>150</u>	<u>85,786</u>	<u>85,936</u>	<u>79,649</u>	<u>6,287</u>
Total expenditures	<u>268,038</u>	<u>63,742</u>	<u>331,780</u>	<u>324,742</u>	<u>7,038</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

ELK TOWNSHIP BOARD OF EDUCATION
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to RSI
 For the Fiscal Year Ended June 30, 2012

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

	General Fund	Special Revenue Fund
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	5,301,162	324,742
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		178
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	217,108	6,764
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the following year.	(224,263)	(6,366)
	<u>5,294,007</u>	<u>325,318</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>5,294,007</u>	<u>325,318</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	5,211,927	324,742
Difference - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		178
	<u>5,211,927</u>	<u>324,920</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>5,211,927</u>	<u>324,920</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

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

	Total Brought Forward (Exhibit E-1a)	Title I Part A Regular	Title I Part A FY 2011	ARRA - Title I Part A	Title II Part A	Total
REVENUES:						
Federal sources	138,036	88,216	6,684	3,584	16,059	252,579
State sources	63,663					63,663
Other sources	8,500					8,500
Total revenues	<u>210,199</u>	<u>88,216</u>	<u>6,684</u>	<u>3,584</u>	<u>16,059</u>	<u>324,742</u>
EXPENDITURES:						
Instruction:						
Salaries of teachers	80,509	40,918		2,457	10,115	133,999
Other salaries for instruction	9,261	30,659				39,920
Tuition	60,000					60,000
Supplies and materials	3,702	3,388	3,059		1,025	11,174
Total instruction	<u>153,472</u>	<u>74,965</u>	<u>3,059</u>	<u>2,457</u>	<u>11,140</u>	<u>245,093</u>
Support services:						
Personal services-employees benefits	3,169	8,458		122	1,959	13,708
Purchased professional/technical services	44,567	3,516	700		2,000	50,783
Other purchased services	1,491	1,277	2,925	1,005	960	7,658
Supplies and materials	7,500					7,500
Total support services	<u>56,727</u>	<u>13,251</u>	<u>3,625</u>	<u>1,127</u>	<u>4,919</u>	<u>79,649</u>
Total expenditures	<u>210,199</u>	<u>88,216</u>	<u>6,684</u>	<u>3,584</u>	<u>16,059</u>	<u>324,742</u>

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

	Total Brought Forward (Exhibit E-1b)	Health & Wellness Grant	IDEA Part B Basic Regular	IDEA Part B Basic Summer	Title II Part A FY 2011	Total Carried Forward
REVENUES:						
Federal sources	33,843		101,436	1,266	1,491	138,036
State sources	63,663					63,663
Other sources	1,000	7,500				8,500
Total revenues	<u>98,506</u>	<u>7,500</u>	<u>101,436</u>	<u>1,266</u>	<u>1,491</u>	<u>210,199</u>
EXPENDITURES:						
Instruction:						
Salaries of teachers	80,509					80,509
Other salaries for instruction	9,261					9,261
Tuition			60,000			60,000
Supplies and materials	1,000		1,436	1,266		3,702
Total instruction	<u>90,770</u>		<u>61,436</u>	<u>1,266</u>		<u>153,472</u>
Support services						
Personal services-employees benefits	3,169					3,169
Purchased professional/technical services	4,567		40,000			44,567
Other purchased services					1,491	1,491
Supplies and materials		7,500				7,500
Total support services	<u>7,736</u>	<u>7,500</u>	<u>40,000</u>		<u>1,491</u>	<u>56,727</u>
Total expenditures	<u>98,506</u>	<u>7,500</u>	<u>101,436</u>	<u>1,266</u>	<u>1,491</u>	<u>210,199</u>

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

	Preschool Education Aid (Exhibit E-2)	GCSSD JIF Safety Award/ Other	Rural Education Achievement Program	IDEA Preschool	IDEA Preschool ARRA	Total Carried Forward
REVENUES:						
Federal sources			26,028	2,852	4,963	33,843
State sources	63,663					63,663
Other sources		1,000				1,000
Total revenues	<u>63,663</u>	<u>1,000</u>	<u>26,028</u>	<u>2,852</u>	<u>4,963</u>	<u>98,506</u>
EXPENDITURES:						
Instruction:						
Salaries of teachers	57,419		23,090			80,509
Other salaries for instruction	6,244				3,017	9,261
Supplies and materials		1,000				1,000
Total instruction	<u>63,663</u>	<u>1,000</u>	<u>23,090</u>		<u>3,017</u>	<u>90,770</u>
Support services:						
Personal services-employees benefits			2,938		231	3,169
Purchased professional/technical services				2,852	1,715	4,567
Total support services			<u>2,938</u>	<u>2,852</u>	<u>1,946</u>	<u>7,736</u>
Total expenditures	<u>63,663</u>	<u>1,000</u>	<u>26,028</u>	<u>2,852</u>	<u>4,963</u>	<u>98,506</u>

ELK TOWNSHIP BOARD OF EDUCATION
 Special Revenue Fund
 Statement of Preschool Education Aid
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2012

	Budgeted	Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of Teachers	57,420	57,419	1
Other Salaries for Instruction	6,244	6,244	
Total instruction	63,664	63,663	1
Total expenditures	63,664	63,663	1

CALCULATION OF BUDGET & CARRYOVER

Total revised 2011-12 Preschool Education Aid Allocation	63,664
Add: Actual ECPA Carryover (June 30, 2011)	None
	63,664
Total Preschool Education Aid Funds Available for 2011-2012 Budget	63,664
Less: 2011-2012 budgeted Preschool Education Aid (including prior year budgeted carryover)	(63,664)
	None
Available and unbudgeted Preschool Education Aid Funds as of June 30, 2012	None
Add: June 30, 2012 Unexpended Preschool Education Aid	1
	1
2011-2012 Carryover - Preschool Education Aid	1
2011-12 Preschool Education Aid carryover budgeted for Preschool Program in 2012-13	1

CAPITAL PROJECTS FUND

ELK TOWNSHIP BOARD OF EDUCATION
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 For the Fiscal Year Ended June 30, 2012

Project Title/Issue	Approval Date	Revised Budgetary Appropriation	GAAP		Unexpended Appropriations June 30, 2012
			Prior Year	Current Year	
Aura Elementary School Renovations	6/26/08	1,750,578	1,747,198	None	3,380

ELK TOWNSHIP BOARD OF EDUCATION
Capital Projects Fund
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budgetary Basis
For the Year Ended June 30, 2012

Revenues and other financing sources	
Interest earnings	<u>59</u>
Expenditures and other financing uses	
Transfer to general fund	<u>59</u>
Total expenditures	<u>59</u>
Excess (deficiency) of revenues over (under) expenditures	None
Fund balance - beginning	<u>3,380</u>
Fund balance - ending	<u><u>3,380</u></u>

ELK TOWNSHIP BOARD OF EDUCATION
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Aura Elementary School Renovations
 From Inception and for the Year Ended June 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Bond proceeds	1,750,000		1,750,000	1,750,000
Authorized but unissued bonds	578		578	578
Total revenues	1,750,578		1,750,578	1,750,578
Expenditures and Other Financing Uses				
Salaries	16,550		16,550	
Legal services	15,653		15,653	50,000
Other professional/technical services	138,590		138,590	128,000
Construction services	1,527,647		1,527,647	1,386,738
Non-instructional equipment	45,900		45,900	
Other objects	2,858		2,858	185,840
Total expenditures	1,747,198		1,747,198	1,750,578
Excess (deficiency) of revenues over (under) expenditures	3,380		3,380	
Additional Project Information:				
Bond authorization date	6/26/08			
Bonds authorized	1,750,578			
Bonds issued	1,750,000			
Original authorized cost	1,750,578			
Additional authorized cost				
Revised authorized cost	1,750,578			
Percentage increase over original authorized cost	0%			
Percentage completion	99%			
Original target completion date	August 2009			
Revised target completion date	August 2010			

PROPRIETARY FUNDS

ELK TOWNSHIP BOARD OF EDUCATION
Enterprise Funds
Combining Schedule of Net Assets
For the Fiscal Year Ended June 30, 2012

	Food Service Fund	Childcare	Total FY 2012
ASSETS			
Cash and cash equivalents	26,470	18,015	44,485
Accounts receivable:			
Federal and state	2,646		2,646
Inventory	5,359		5,359
Capital assets, net	17,104		17,104
Total assets	<u>51,579</u>	<u>18,015</u>	<u>69,594</u>
LIABILITIES			
Deferred revenue	1,809		1,809
Deposits payable	1,198		1,198
Total current liabilities	<u>3,007</u>		<u>3,007</u>
NET ASSETS			
Investment in capital assets	17,104		17,104
Unrestricted	31,468	18,015	49,483
Total net assets	<u><u>48,572</u></u>	<u><u>18,015</u></u>	<u><u>66,587</u></u>

ELK TOWNSHIP BOARD OF EDUCATION
Enterprise Funds
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2012

	Food Service Fund	Childcare	Total FY 2012
Operating Revenues:			
Charges for Services			
Daily sales - reimbursable programs	39,640		39,640
Daily sales - non-reimbursable programs	15,554		15,554
Tuition		20,976	20,976
Special functions	3,133		3,133
Total operating revenue	<u>58,327</u>	<u>20,976</u>	<u>79,303</u>
Operating Expenses:			
Salaries	62,282	10,634	72,916
Employee benefits	20,961		20,961
Purchased property services	99		99
Other purchased services	16,164		16,164
Supplies and materials	4,423	252	4,675
Cost of sales	58,491		58,491
Depreciation	1,716		1,716
Total operating expenses	<u>164,136</u>	<u>10,886</u>	<u>175,022</u>
Operating income (loss)	<u>(105,809)</u>	<u>10,090</u>	<u>(95,719)</u>
Nonoperating revenues (expenses):			
Interest earned	86		86
State sources:			
State school lunch program	1,694		1,694
Federal sources:			
School breakfast program	16,511		16,511
National school lunch program	53,961		53,961
School milk program	1,084		1,084
Food distribution program commodities	11,440		11,440
Contributed capital - fixed assets	5,590		5,590
Total nonoperating revenues (expenses)	<u>90,366</u>		<u>90,366</u>
Income (loss) before operating transfers	<u>(15,443)</u>	10,090	<u>(5,353)</u>
Transfers in (out)	27,000		27,000
Change in net assets	11,557	10,090	21,647
Total net assets - beginning	<u>37,015</u>	<u>7,925</u>	<u>44,940</u>
Total net assets - ending	<u><u>48,572</u></u>	<u><u>18,015</u></u>	<u><u>66,587</u></u>

ELK TOWNSHIP BOARD OF EDUCATION
Enterprise Funds
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2012

	Food Service Fund	Childcare	Total FY 2012
Cash flows from operating activities:			
Receipts from customers	60,097	20,976	81,073
Payments to employees	(62,282)	(10,634)	(72,916)
Payments for employee benefits	(20,961)		(20,961)
Payments to suppliers	(69,976)	(252)	(70,228)
Net cash provided by (used for) operating activities	<u>(93,122)</u>	<u>10,090</u>	<u>(83,032)</u>
Cash flows from non-capital financing activities:			
Payments from General Fund	27,000		27,000
Federal and state reimbursements	70,604		70,604
(Increase) decrease in interfund receivable	6,000		6,000
Net cash provided by non-capital financing activities	<u>103,604</u>		<u>103,604</u>
Cash flows from investing activities			
Interest earned	86		86
Net cash provided by investing activities	<u>86</u>		<u>86</u>
Net increase in cash and cash equivalents	10,568	10,090	20,658
Balance - beginning of year	15,902	7,925	23,827
Balance - end of year	<u>26,470</u>	<u>18,015</u>	<u>44,485</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	(105,809)	10,090	(95,719)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	1,716		1,716
Food distribution program	11,440		11,440
Decrease in accounts receivable	855		855
(Increase) in inventory	(2,239)		(2,239)
Increase in deferred revenue	915		915
Net cash provided by (used for) operating activities	<u>(93,122)</u>	<u>10,090</u>	<u>(83,032)</u>

ELK TOWNSHIP BOARD OF EDUCATION
Internal Service Fund
Combining Schedule of Net Assets
For the Fiscal Year Ended June 30, 2012

		Custodial Services
	ASSETS	
Current assets:		
Cash in bank		851
	NET ASSETS	
Unrestricted		851

ELK TOWNSHIP BOARD OF EDUCATION
Internal Service Fund
Combining Schedule of Revenues, Expenses,
and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2012

		Custodial Services
Operating Revenues:		
Services provided to other governmental entities		5,921
Operating Expenses:		
Salaries		5,176
Supplies and materials		87
Total operating expenses		5,263
Change in net assets		658
Total net assets - beginning		193
Total net assets - ending		851

ELK TOWNSHIP BOARD OF EDUCATION
Internal Service Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2012

	Custodial Services
Cash flows from operating activities:	
Receipts from customers	5,921
Payments to suppliers	(87)
Payments to employees	(5,176)
	658
Net cash provided by (used for) operating activities	658
Net increase (decrease) in cash and cash equivalents	658
Balance - beginning of year	193
Balance - end of year	851
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	658
Net cash provided by (used for) operating activities	658

FIDUCIARY FUNDS

ELK TOWNSHIP BOARD OF EDUCATION
Combining Statement of Fiduciary Net Assets
For the Fiscal Year Ended June 30, 20112

	Trust		Agency		Total FY 2012
	Unemployment Compensation Trust	Scholarship Fund	Student Activities	Payroll	
ASSETS					
Cash and cash equivalents	11,951	1,168	7,267	27,509	47,895
Interfund receivable:					
Agency - Payroll	674				674
Total assets	12,625	1,168	7,267	27,509	48,569
LIABILITIES					
Payroll deductions and withholdings				21,974	21,974
Due to student groups			7,267		7,267
Interfund payables:					
Unemployment Compensation Trust				674	674
General Fund				4,861	4,861
Total liabilities			7,267	27,509	34,776
NET ASSETS					
Held in trust for unemployment claims	12,625				12,625
Nonexpendable trust		1,168			1,168
Total net assets	12,625	1,168			13,793

ELK TOWNSHIP BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Assets
Trust Funds
For the Fiscal Year Ended June 30, 2012

	Unemployment Compensation Trust	Scholarship Fund	Total FY 2012
ADDITIONS:			
Contributions:			
Plan member	6,036		6,036
Contribution from General Fund	25,000		25,000
Total Contributions	31,036		31,036
Investment earnings:			
Interest	64	9	73
Total additions	31,100	9	31,109
DEDUCTIONS:			
Unemployment claims	27,891		27,891
Scholarships awarded		200	200
Total deductions	27,891	200	28,091
Change in net assets	3,209	(191)	3,018
Net assets - beginning	9,416	1,359	10,775
Net assets - end	12,625	1,168	13,793

ELK TOWNSHIP BOARD OF EDUCATION
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2012</u>
ACTIVITIES:				
Aura School	7,646	19,331	19,710	7,267

ELK TOWNSHIP BOARD OF EDUCATION
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
ASSETS				
Cash and cash equivalents	24,850	3,188,358	3,185,699	27,509
Total assets	24,850	3,188,358	3,185,699	27,509
LIABILITIES				
Accrued salaries and wages		1,925,993	1,925,993	
Payroll deductions and withholdings	19,889	1,257,559	1,255,474	21,974
Interfund payable	4,961	4,806	4,232	5,535
Total liabilities	24,850	3,188,358	3,185,699	27,509

LONG-TERM DEBT

ELK TOWNSHIP BOARD OF EDUCATION
 Schedule of Serial Bonds
 June 30, 2012

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2011	Retired	Balance June 30, 2012
			Date	Amount				
Roof Replacement	8/15/06	191,000	1/15/13	35,000	4.450%	70,000	35,000	35,000
Aura School/Grounds Renovations	7/15/08	1,750,000	7/15/12	100,000	4.250%			
			7/15/13-21	130,000	4.250%			
			7/15/22	140,000	4.250%			
			7/15/23	145,000	4.375%	1,655,000	100,000	1,555,000
						1,725,000	135,000	1,590,000

ELK TOWNSHIP BOARD OF EDUCATION
 Schedule of Obligations Under Capital Leases
 For the Fiscal Year Ended June 30, 2012

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance	Issued	Retired	Balance
			Principle	Interest		June 30, 2011			June 30, 2012
School Bus	12/18/06	5 Years	65,000	8,333	4%-5%	15,000		15,000	
Pickup Truck	9/13/2011	5 Years	28,340	2,774	4.90%		28,340	6,223	22,117
						15,000	28,340	21,223	22,117

ELK TOWNSHIP BOARD OF EDUCATION
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local sources:					
Local tax levy	119,902		119,902	119,902	
State sources:					
Debt service aid type II	86,590		86,590	86,590	
Total revenues	<u>206,492</u>		<u>206,492</u>	<u>206,492</u>	
EXPENDITURES:					
Regular debt service:					
Interest	71,492		71,492	71,491	1
Redemption of principal	135,000		135,000	135,000	
Total expenditures	<u>206,492</u>		<u>206,492</u>	<u>206,491</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures				1	1
Fund balance, July 1	<u>1</u>		<u>1</u>	<u>1</u>	
Fund balance, June 30	<u><u>1</u></u>		<u><u>1</u></u>	<u><u>2</u></u>	<u><u>1</u></u>

INTRODUCTION TO THE STATISTICAL SECTION

ELK TOWNSHIP SCHOOL DISTRICT
Statistical Section

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	99-106
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	107-110
Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	111-114
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	115-116
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	117-121

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.

ELK TOWNSHIP BOARD OF EDUCATION
 Net Assets by Component
 Last Nine Fiscal Years
 Unaudited

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:									
Invested in capital assets, net of related debt	1,449,100	1,496,370	1,675,658	1,687,501	206,296	1,809,749	2,289,560	2,238,938	2,195,725
Restricted	325,516	513,253	492,861	347,481	2,256,182	1,153,832	481,780	855,910	993,766
Unrestricted	(3,901)	(56,813)	(28,140)	283,143	190,814	(33,070)	(76,070)	(25,649)	(121,764)
Total governmental activities net assets	1,770,715	1,952,810	2,140,379	2,318,125	2,653,292	2,930,511	2,695,270	3,069,199	3,067,727
Business-type activities:									
Invested in capital assets, net of related debt	19,445	17,305	22,484	11,702	10,118	8,841	7,431	13,230	17,104
Unrestricted	13,998	20,969	72,856	(495)	19,332	19,779	24,599	31,710	49,483
Total governmental activities net assets	33,443	38,274	95,340	11,207	29,450	28,620	32,030	44,940	66,587
District-wide:									
Invested in capital assets, net of related debt	1,468,545	1,513,675	1,698,142	1,699,203	216,414	1,818,590	2,296,991	2,252,168	2,212,829
Restricted	325,516	513,253	492,861	347,481	2,256,182	1,153,832	481,780	855,910	993,766
Unrestricted	10,097	(35,844)	44,716	282,648	210,146	(13,291)	(51,471)	6,061	(72,281)
Total district-wide net assets	1,804,158	1,991,084	2,235,719	2,329,332	2,682,742	2,959,131	2,727,300	3,114,139	3,134,314

Source: District records.

ELK TOWNSHIP BOARD OF EDUCATION
Changes in Net Assets
Last Nine Fiscal Years
Unaudited

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:									
Governmental activities:									
Instruction:									
Regular	1,358,986	1,520,478	1,608,272	1,134,363	2,057,323	2,255,231	2,416,307	1,518,029	1,635,316
Special education	242,049	273,357	220,017	649,867	244,042	463,190	471,806	506,028	543,727
Other special instruction	5,448	67,377	112,713	226,276	621,397	367,528	473,059	140,666	114,200
Other instruction	3,300	3,233	3,450		3,977	5,022	8,065	12,396	13,379
Support services:									
Tuition	112,054	84,685	155,010	107,233	34,374	88,370	189,710	236,184	177,061
Student & instructional related services	524,260	525,760	438,091	482,103	682,920	660,251	710,587	497,486	550,064
School administration services	168,639	167,931	155,862	276,782	246,359	250,464	233,479	166,393	181,412
General & business administrative services	209,142	265,253	270,115	166,221	455,470	338,441	325,861	253,659	258,720
Plant operations & maintenance	293,865	291,754	308,436	371,268	513,518	473,721	481,198	381,382	387,251
Pupil transportation	244,586	327,072	353,573	376,006	398,689	347,231	340,483	263,367	352,529
Unallocated benefits	942,036	1,023,277	1,081,652	1,217,941				1,086,946	1,288,605
Special schools								1,958	
Capital outlay	5,949		87,206	193,001		89,126		3,076	35,409
Interest on long-term debt	98,088	43,590	34,735	26,355	36,224	6,869	67,397	93,070	68,749
Amortization of bond issue costs						1,657	1,657	1,657	1,657
Unallocated depreciation	203,512	119,950	151,880	159,314	27,032	36,157	64,941	194,401	190,940
Total governmental activities expenses	<u>4,411,914</u>	<u>4,713,717</u>	<u>4,981,012</u>	<u>5,386,730</u>	<u>5,321,325</u>	<u>5,383,258</u>	<u>5,784,550</u>	<u>5,356,698</u>	<u>5,799,019</u>
Business-type activities:									
Food service	143,817	164,347	149,050	208,814	182,948	177,622	169,098	152,982	164,136
Childcare								13,340	10,886
Total business-type activities expenses	<u>143,817</u>	<u>164,347</u>	<u>149,050</u>	<u>208,814</u>	<u>182,948</u>	<u>177,622</u>	<u>169,098</u>	<u>166,322</u>	<u>175,022</u>
Total district-wide expenses	<u><u>4,555,731</u></u>	<u><u>4,878,064</u></u>	<u><u>5,130,062</u></u>	<u><u>5,595,544</u></u>	<u><u>5,504,273</u></u>	<u><u>5,560,880</u></u>	<u><u>5,953,648</u></u>	<u><u>5,523,020</u></u>	<u><u>5,974,041</u></u>

ELK TOWNSHIP BOARD OF EDUCATION
Changes in Net Assets
Last Nine Years
Unaudited

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Program revenues:									
Governmental activities:									
Charges for services					21,934	23,936	33,296	6,150	5,921
Operating grants & contributions	562,580	546,470	541,877	569,702	598,201	326,873	365,988	330,028	325,318
Total governmental activities program revenues	562,580	546,470	541,877	569,702	620,135	350,809	399,284	336,178	331,239
Business-type activities:									
Charges for services:									
Food service	45,667	46,428	65,150	63,679	68,487	66,763	61,670	57,367	58,327
Childcare								21,265	20,976
Operating grants & contributions	49,534	67,887	70,680	65,717	66,421	68,888	76,788	78,512	84,690
Total business-type activities revenues	95,201	114,315	135,830	129,396	134,908	135,651	138,458	157,144	163,993
Total district program revenues	657,781	660,785	677,707	699,098	755,043	486,460	537,742	493,322	495,232
Net (expense)/revenue:									
Governmental activities	(3,849,334)	(4,167,247)	(4,439,135)	(4,817,028)	(4,701,190)	(5,032,449)	(5,385,266)	(5,020,520)	(5,467,780)
Business-type activities	(48,616)	(50,032)	(13,220)	(79,418)	(48,040)	(41,971)	(30,640)	(9,178)	(11,029)
Total district-wide net expense	(3,897,950)	(4,217,279)	(4,452,355)	(4,896,446)	(4,749,230)	(5,074,420)	(5,415,906)	(5,029,698)	(5,478,809)
General revenues & other changes in net assets:									
Governmental activities:									
Property taxes levied for general purposes	1,367,982	1,494,175	1,739,385	1,846,000	1,919,840	1,996,634	2,103,308	2,247,237	2,332,830
Taxes levied for debt service	198,744	202,825	139,503	194,845	179,916	174,559	224,003	117,863	119,902
Unrestricted grants & contributions	2,598,967	2,680,907	2,676,147	2,778,718	2,895,668	2,900,211	2,708,106	2,739,306	2,978,663
Tuition received	27,396	20,425	53,044	1,621	54,949	37,597	127,022	290,769	51,320
Transportation fees	31,594	54,157	61,954	74,164					
Investment earnings	4,682	3,924	5,608	30,110	36,136	26,367	7,305	7,917	9,579
Miscellaneous income	208	11,177	21,325	8,087	16,850	30,544	14,281	11,357	8,264
Transfers	(93,468)	(54,786)	(70,262)	(3,771)	(66,000)	(41,000)	(34,000)	(20,000)	(27,000)
Loss on disposal of assets		(63,462)							(7,249)
Proceeds from capital lease				65,000					
Cost of issuance	(37,744)								
Bonds authorized not issued					578				
Premiums received on sale of bonds	11,034								
Accrued interest	2,728								
Interest expense	(7,596)				(1,579)				
Prior year asset correction						184,756			
Total governmental activities	4,104,527	4,349,342	4,626,704	4,994,774	5,036,358	5,309,668	5,150,025	5,394,449	5,466,309

ELK TOWNSHIP BOARD OF EDUCATION
Changes in Net Assets
Last Nine Fiscal Years
Unaudited

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities:									
Miscellaneous income	28	77	24	7	282	141	50	75	86
Investment earnings				149					
Loss on retirement of asset				(8,643)				(1,266)	
Contributed capital - fixed assets								3,279	5,590
Transfers	93,468	54,786	70,262	3,771	66,000	41,000	34,000	20,000	27,000
Total business-type activities	93,496	54,863	70,286	(4,716)	66,282	41,141	34,050	22,088	32,676
Total district-wide	4,198,023	4,404,205	4,696,990	4,990,058	5,102,640	5,350,809	5,184,075	5,416,537	5,498,985
Change in net assets:									
Governmental activities	255,193	182,095	187,569	177,746	335,168	277,219	(235,241)	373,929	(1,471)
Business-type activities	44,880	4,831	57,066	(84,134)	18,242	(830)	3,410	12,910	21,647
Total district-wide	300,073	186,926	244,635	93,612	353,410	276,389	(231,831)	386,839	20,176

Source: District records.

ELK TOWNSHIP BOARD OF EDUCATION
Fund Balances, Governmental Funds
Last Nine Fiscal Years
Unaudited

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund:									
Restricted								634,430	889,364
Assigned								292,416	101,020
Unassigned								38,812	58,753
Reserved	196,563	106,234	228,565	412,705	555,762	814,306	503,949		
Unreserved	180,464	308,981	294,023	271,335	294,087	97,629	10,133		
Total general fund	<u>377,027</u>	<u>415,215</u>	<u>522,588</u>	<u>684,040</u>	<u>849,849</u>	<u>911,935</u>	<u>514,082</u>	<u>965,658</u>	<u>1,049,137</u>
All other governmental funds:									
Restricted									
Debt service fund								1	2
Capital projects fund								3,380	3,380
Unassigned								(6,764)	(6,366)
Special revenue fund									
Reserved						274,193	7,500		
Unreserved, reported in:									
Special revenue fund	(14,229)	(14,229)	(14,229)	(14,229)	(16,804)	(6,545)	(6,764)		
Capital projects fund	29,635	29,635	29,635	81,283	1,700,419	73,391	11,439		
Debt service fund	10,710	102,411	22		1	1	1		
Total all other governmental funds	<u>26,116</u>	<u>117,817</u>	<u>15,428</u>	<u>67,054</u>	<u>1,683,616</u>	<u>341,040</u>	<u>12,176</u>	<u>(3,383)</u>	<u>(2,984)</u>

General fund:

Source: District records.

ELK TOWNSHIP BOARD OF EDUCATION
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
Unaudited

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Tax levy	1,309,347	1,566,726	1,697,000	1,878,888	2,040,845	2,099,756	2,171,193	2,327,311	2,365,100	2,452,732
Tuition charges	7,757	27,396	20,425	53,044	1,621	54,949	37,597	127,022	290,769	51,320
Transportation fees	65,660	31,594	54,157	61,954	74,164					
Interest earnings	9,976	4,682	3,924	5,608	30,110	36,136	26,367	7,305	7,917	9,579
Miscellaneous	4,329	208	11,177	21,325	3,645	38,784	53,710	14,834	12,683	16,764
State sources	2,733,798	2,893,295	2,968,156	2,968,923	2,919,329	3,228,293	2,966,378	2,436,874	2,798,264	2,952,749
Federal sources	181,527	268,252	259,221	249,101	287,025	265,576	260,206	636,667	269,744	342,732
Total revenue	4,312,394	4,792,153	5,014,060	5,238,843	5,356,739	5,723,494	5,515,451	5,550,013	5,744,477	5,825,876
Expenditures:										
Instruction:										
Regular instruction	906,689	905,497	1,043,215	1,146,141	1,068,691	1,448,198	1,579,201	1,698,581	1,506,904	1,604,871
Special education instruction	702,558	695,509	755,556	685,412	649,867	175,962	341,042	336,082	505,759	543,823
Other	37,369	5,448	67,377	112,713	222,826	480,879	272,051	318,490	139,946	131,827
School sponsored/other instructional	9,550	3,300	3,233	3,450	3,450	2,775	3,450	5,884	12,396	13,379
Total instruction	1,656,166	1,609,754	1,869,381	1,947,716	1,944,834	2,107,814	2,195,744	2,359,037	2,165,005	2,293,900
Undistributed:										
Instruction	157,306	112,054	84,685	155,010	107,233	34,374	88,370	189,710	236,184	177,061
Student & instruction related services	566,080	524,260	525,760	438,091	480,953	460,874	499,423	517,332	509,291	538,830
General administration services	161,248	168,639	167,931	155,862	156,406	169,288	148,930	127,098	91,632	95,916
School administrative services	104,888	209,142	128,585	139,475	152,771	160,240	165,572	174,713	164,994	169,286
Central services			120,335	112,726	141,760	150,411	142,246	145,826	152,695	148,619
Administration information technology			16,333	17,914	24,461	19,030	7,134	6,521	6,572	11,393
Operations and maintenance	283,463	293,865	291,754	308,436	263,451	427,736	377,702	389,797	371,307	394,589
Student transportation	300,113	254,803	337,754	364,741	387,683	370,697	342,302	343,772	278,367	367,529
Business and other support services:										
Employee benefits	742,889	644,861	699,203	718,714	711,186	756,222	789,915	867,536	746,908	888,788
On-behalf TPAF pension contribution	81,329	162,323	170,656	210,062	344,889	358,647	148,060	173,575	171,664	234,645
Reimbursed TPAF social security	149,824	134,852	153,418	152,876	161,866	172,578	182,169	191,773	167,716	162,131
Total undistributed	2,547,140	2,504,799	2,696,414	2,773,907	2,932,659	3,080,097	2,891,823	3,127,653	2,897,330	3,188,787

ELK TOWNSHIP BOARD OF EDUCATION
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
Unaudited

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Capital outlay	890,846	38,169		87,206	177,075	116,419	1,350,619	347,095	21,183	54,160
Special schools							6,869		1,958	
Debt service expenditures:										
Principal	240,000	250,000	220,000	320,000	315,000	290,000	290,000	285,000	126,000	135,000
Interest	110,428	98,088	43,590	34,735	26,355	29,792	19,886	123,945	76,984	71,491
Total expenditures	<u>5,444,580</u>	<u>4,500,810</u>	<u>4,829,385</u>	<u>5,163,564</u>	<u>5,395,923</u>	<u>5,624,122</u>	<u>6,754,941</u>	<u>6,242,730</u>	<u>5,288,460</u>	<u>5,743,338</u>
Excess (Deficiency) of revenues over (under) expenditures	(1,132,186)	291,343	184,675	75,279	(39,184)	99,372	(1,239,490)	(692,717)	456,017	82,538
Other financing sources (uses):										
Proceeds from borrowing		13,422			256,000	1,750,578				
Extraordinary item	16,887					(1,579)				
Capital leases (non-budgeted)										28,340
Transfers out		(93,468)	(54,786)	(70,262)	(3,771)	(66,000)	(41,000)	(34,000)	(20,000)	(27,000)
Total other financing sources (uses)	<u>16,887</u>	<u>(80,046)</u>	<u>(54,786)</u>	<u>(70,262)</u>	<u>252,229</u>	<u>1,682,999</u>	<u>(41,000)</u>	<u>(34,000)</u>	<u>(20,000)</u>	<u>1,340</u>
Net change in fund balance	<u>(1,115,299)</u>	<u>211,297</u>	<u>129,889</u>	<u>5,017</u>	<u>213,045</u>	<u>1,782,371</u>	<u>(1,280,490)</u>	<u>(726,717)</u>	<u>436,017</u>	<u>83,878</u>
Debt service as a percentage of noncapital expenditures	7.70%	7.80%	5.46%	6.99%	6.54%	5.81%	5.73%	6.94%	3.85%	3.63%

Source: District records.

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

Fiscal Year Ended June 30	Refunds	Miscellaneous	Summer Program	Sale of Assets	Services Provided Other LEA's	Annual Totals
2003		4,329				4,329
2004		208				208
2005		11,177				11,177
2006		21,325				21,325
2007		3,645				3,645
2008	7,462	8,888			21,934	38,284
2009	11,515	19,029			22,666	53,210
2010	2,793	6,656		4,832		14,281
2011	2,574	5,737	3,046			11,357
2012	5,549	600	50	2,065		8,264
	<u>29,893</u>	<u>81,594</u>	<u>3,096</u>	<u>6,897</u>	<u>44,600</u>	<u>166,080</u>

Source: District records.

ELK TOWNSHIP BOARD OF EDUCATION
 Assessed Value and Actual Value of Taxable Property
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30	Vacant Land	Residential	Farmland	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2003	11,078,200	123,501,100	11,450,800	4,279,000	15,641,100	813,500	74,500	166,838,200	1,093,359	167,931,559	195,675,027	0.909
2004	12,685,600	128,384,100	11,051,300	4,329,900	16,117,000	813,500		173,381,400	1,030,878	174,412,278	207,586,433	0.957
2005	10,854,400	139,700,900	11,109,300	4,352,800	16,383,900	813,500		183,214,800	929,096	184,143,896	236,387,595	0.954
2006	10,166,200	152,623,400	11,737,100	4,262,400	16,223,400	813,500		195,826,000	770,469	196,596,469	277,462,206	0.988
2007	23,642,500	301,100,300	24,557,900	4,295,700	25,429,300	1,137,400		380,163,100	1,126,105	381,289,205	326,320,260	0.542
2008	24,226,600	304,093,100	25,243,000	4,324,100	25,485,800	1,137,400		384,510,000	1,310,507	385,820,507	368,937,053	0.562
2009	23,663,000	311,873,900	25,622,600	4,369,000	27,731,500	1,137,400		394,397,400	1,421,103	395,818,503	368,937,053	0.588
2010	21,249,300	314,651,800	25,981,400	4,396,300	24,901,100	1,137,400		392,317,300	1,421,103	393,738,403	368,937,053	0.600
2011	21,291,000	317,066,800	26,197,200	4,501,700	26,812,600	1,137,400		397,006,700	1,406,464	398,413,164	391,638,213	0.604
2012	19,466,400	320,339,500	26,458,300	4,412,100	27,936,500	1,137,400		399,750,200	1,336,575	401,086,775	382,547,020	0.616

Source: Municipal Tax Assessor.

ELK TOWNSHIP BOARD OF EDUCATION
 Direct and Overlapping Property Tax Rates
 (Rate Per \$100 of Assessed Value)
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30	Elk Township School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Delsea Regional School District	Elk Township	Gloucester County	
2003	0.765	0.168	0.933	0.909	0.728	0.778	3.348
2004	0.832	0.141	0.973	0.957	0.735	0.786	3.451
2005	0.882	0.139	1.021	0.954	0.721	0.876	3.572
2006	0.955	0.083	1.038	0.988	0.721	0.896	3.643
2007	0.493	0.058	0.551	0.542	0.444	0.509	2.046
2008	0.508	0.054	0.562	0.558	0.512	0.567	2.199
2009	0.531	0.057	0.588	0.575	0.549	0.586	2.298
2010	0.570	0.030	0.600	0.613	0.549	0.596	2.358
2011	0.574	0.030	0.604	0.634	0.574	0.575	2.387
2012	0.586	0.030	0.616	0.658	0.642	0.565	2.481

Source: Municipal Tax Collector.

ELK TOWNSHIP BOARD OF EDUCATION
Principal Property Taxpayers
Current Year and Nine Years Ago
Unaudited

	2012		2003	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Laux Lakeview Park Inc.	4,293,600	1.07%	2,770,500	1.65%
Paparone at Silver Lake Estates LLC	2,770,300	0.69%		
SCP 2007-C27, LLC (CVS Caremark)	2,000,000	0.50%		
Silvergate Associates	1,824,800	0.45%	1,235,500	0.74%
Verizon New Jersey	1,336,575	0.33%	1,030,878	0.61%
Clayton Associates	1,223,200	0.30%	1,029,100	0.61%
Paparone at Hampton Hills, LLC			1,194,400	0.71%
Individual Taxpayer 1	1,181,500	0.29%	774,300	0.46%
Valley Del Sol	1,165,200	0.29%		
Western Oilfields Supply co.	1,140,600	0.28%	725,000	0.43%
Christy Enterprises LLC	1,037,800	0.26%		
Main Street Development Corp			963,000	0.57%
Individual Taxpayer 2			755,300	0.45%
First National Bank of Elmer			669,600	0.40%
	17,973,575	4.48%	11,147,578	6.64%

ELK TOWNSHIP BOARD OF EDUCATION
 Property Tax Levies and Collections
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	1,309,347	1,309,347	100.00%	
2004	1,566,726	1,566,726	100.00%	
2005	1,697,000	1,697,000	100.00%	
2006	1,878,888	1,878,888	100.00%	
2007	2,040,845	2,040,845	100.00%	
2008	2,099,756	2,099,756	100.00%	
2009	2,171,193	2,171,193	100.00%	
2010	2,327,311	2,327,311	100.00%	
2011	2,365,100	2,365,100	100.00%	
2012	2,452,732	2,452,732	100.00%	

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

Note: 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.

ELK TOWNSHIP BOARD OF EDUCATION
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30	Governmental Activities		Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases			
2003	1,835,000	43,744	1,878,744	1.66%	521
2004	1,630,000	33,527	1,663,527	1.37%	452
2005	1,410,000	22,845	1,432,845	1.10%	378
2006	1,090,000	11,677	1,101,677	0.78%	284
2007	966,000	65,000	1,031,000	0.69%	262
2008	2,426,000	55,000	2,481,000	1.55%	624
2009	2,136,000	45,000	2,181,000	1.36%	545
2010	1,851,000	30,000	1,881,000	1.08%	446
2011	1,725,000	15,000	1,740,000	1.00%	411
2012	1,590,000	22,117	1,612,117	0.92%	381

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2003	1,835,000		1,835,000	1.48%	509
2004	1,630,000		1,630,000	1.30%	443
2005	1,410,000		1,410,000	1.09%	372
2006	1,090,000		1,090,000	0.93%	281
2007	966,000		966,000	0.77%	246
2008	2,426,000		2,426,000	0.55%	610
2009	2,136,000		2,136,000	0.25%	533
2010	1,851,000		1,851,000	0.63%	439
2011	1,725,000		1,725,000	0.54%	408
2012	1,590,000		1,590,000	0.54%	376

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2012
 Unaudited

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Elk	2,870,750	100.00%	2,870,750
Delsea Regional High School District	3,328,355	21.17%	704,613
Gloucester County General Obligation Debt	280,798,408	1.39%	3,900,590
Subtotal, overlapping debt			<u>7,475,953</u>
Township of Elk School District			<u>1,590,000</u>
Total direct and overlapping debt			<u><u>9,065,953</u></u>

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

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Franklin and Elk Townships. This process recognized that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

ELK TOWNSHIP BOARD OF EDUCATION
 Legal Debt Margin Information
 Last Ten Fiscal Years
 Unaudited

	Equalized valuation basis
	2009 398,099,727
	2010 384,813,438
	2011 377,813,761
	<u>1,160,726,926</u>
Average equalized valuation of taxable property	<u>386,908,975</u>
Debt limit (2.5% of average equalized value)	9,672,724
Total net debt applicable to limit	<u>1,590,000</u>
Legal debt margin	<u>8,082,724</u>

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	4,596,173	5,038,513	3,444,187	6,785,509	6,629,294	7,799,990	8,819,963	9,511,743	9,696,173	9,672,724
Total net debt applicable to limit	<u>1,835,000</u>	<u>1,630,000</u>	<u>1,410,000</u>	<u>1,090,000</u>	<u>966,000</u>	<u>2,426,000</u>	<u>2,136,000</u>	<u>1,851,000</u>	<u>1,725,000</u>	<u>1,590,000</u>
Legal debt margin	<u>2,761,173</u>	<u>3,408,513</u>	<u>2,034,187</u>	<u>5,695,509</u>	<u>5,663,294</u>	<u>5,373,990</u>	<u>6,683,963</u>	<u>7,660,743</u>	<u>7,971,173</u>	<u>8,082,724</u>
Total net debt applicable to the limit as a percentage of debt limit	39.92%	32.35%	40.94%	16.06%	14.57%	31.10%	24.22%	19.46%	17.79%	16.44%

Source: Equalized valuation basis were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.

ELK TOWNSHIP BOARD OF EDUCATION
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2003	3,604	112,945,756	31,339	5.20%
2004	3,682	121,388,176	32,968	4.90%
2005	3,787	130,647,713	34,499	4.80%
2006	3,878	141,647,828	36,526	5.20%
2007	3,932	149,785,608	38,094	4.70%
2008	3,974	160,533,704	40,396	6.10%
2009	4,005	160,400,250	40,050	9.00%
2010	4,220	174,442,140	41,337	9.50%
2011	4,229	174,814,173	41,337	9.30%
2012	4,229 *	174,814,173	41,337 *	9.30% *

* Estimate

Source: Data regarding School District population and per capita personal income was provided by the Department of Education.

ELK TOWNSHIP BOARD OF EDUCATION
Principal Employers
Current Year and Nine Years Ago
Unaudited

Employer	2012		2003	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
Lucas Greenhouses	100	5.07%	N/A	N/A
Elk Township School District	90	4.57%	N/A	N/A
CJ's Bus Service	68	3.45%	N/A	N/A
SK Wholesale Food Distributors	21	1.07%	N/A	N/A
Rain for Rent	20	1.01%	N/A	N/A
Bnt Fitness Services LLC	16	0.81%		
	<u>315</u>	<u>15.98%</u>		

Source: Gloucester County Department of Economic Development and Employer Directly.

N/A = Information not available.

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

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction										
Regular	25	22	22.0	24	24.5	31.0	30.0	29.1	25.6	28.1
Special education/Other special	3	3	2	2	9.5	12.5	13.5	13.5	8.0	13.2
Support Services										
Student & instruction related services	12	12	11	12	11	6.7	7.2	7.2	6.0	6.9
General administration	2	1	1	1	1.5	1.5	1.0	1.0	1.0	0.1
School administrative services	2	2	2	2	2	2.2	2.2	2.2	2.0	2.2
Business administrative/technology services	3	2	2	2	2	1.9	1.9	2.0	2.0	2.0
Plant operations & maintenance	3	3	3	3	9	6.5	6.0	6.0	13.7	6.5
Pupil transportation	7	7	7	7						
Food Service	4	4	4	4	1	0.2	0.2			
Total	<u>61</u>	<u>56</u>	<u>54</u>	<u>57</u>	<u>61</u>	<u>62.5</u>	<u>62.0</u>	<u>61.0</u>	<u>58.3</u>	<u>59.0</u>

Source: District Personnel Records.

ELK TOWNSHIP BOARD OF EDUCATION
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30	Enrollment	Operating Expenditures (a)	Cost per Pupil	Percentage Change	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff (b)	Elementary				
2003	383	4,203,306	10,975	12.71%	36	1:11.9	383	364	-0.26%	95.04%
2004	377	4,114,553	10,914	-0.55%	31	1:12.4	377	357	-1.57%	94.69%
2005	383	4,565,795	11,921	9.23%	30	1:12.9	383	365	1.59%	95.30%
2006	365	4,721,623	12,936	8.51%	33	1:11.7	365	349	-4.70%	95.62%
2007	368	4,877,493	13,254	2.46%	34	1:11.3	368	353	0.82%	95.92%
2008	373	5,187,911	13,909	4.94%	37	1:11.1	377	360	2.45%	95.49%
2009	376	5,094,436	13,549	-2.59%	36	1:11.2	377	361	0.00%	95.76%
2010	388	5,486,690	14,141	4.37%	36	1:10.8	387	370	2.65%	95.61%
2011	388	5,064,293	13,478	-4.69%	39	1:10.0	384	365	-0.72%	95.05%
2012	394	5,482,687	14,141	4.92%	39	1:10.2	398	384	3.59%	96.48%

Source: District records.

Note: Enrollment based on annual October district count.

(a) Operating expenditures equal total expenditures less debt service and capital outlay

(b) Teaching staff includes only full-time equivalents of certificated staff.

(c) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

N/A = Not available from School District.

ELK TOWNSHIP BOARD OF EDUCATION
 School Building Information
 Last Ten Fiscal Years
 Unaudited

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>Aura Elementary School</u>										
Square Feet	48,532	51,532	51,532	51,532	51,532	51,532	51,532	51,532	51,532	51,532
Capacity (students)	462	522	522	522	522	522	522	522	522	522
Enrollment	383	311	383	365	368	373	376	388	384	398

Number of Schools at June 30, 2012
 Elementary = 1

Source: District Office.

ELK TOWNSHIP BOARD OF EDUCATION
 General Fund
 Schedule of Required Maintenance Expenditures by School Facility
 Last Ten Fiscal Years Ending June 30
 Unaudited

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

* School Facilities	Gross Square Footage	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
Aura School	51,532	76,295	112,960	88,149	49,470	120,293	95,891	28,593	51,867	19,770	46,424	689,712

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

ELK TOWNSHIP BOARD OF EDUCATION
Insurance Schedule
June 30, 2012
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Selective Insurance Company of America		
Property/Inland Marine/Auto Physical Damage	150,000,000	500
Crime	500,000	500
General Liability/Auto Liability	10,000,000	
Workmen's Compensation	Statutory	
Educator's Legal Liability	10,000,000	
 Firemans' Fund Insurance Company		
Commercial Umbrella	50,000,000	
 Travelers Insurance Company		
Boiler & Machinery	100,000,000	1,000
 ACE American Insurance Company		
Commercial Pollution and Mold Legal Liability	3,000,000	25,000
 Public employees' faithful performance bonds -		
Selective Insurance Company of America		
Surety Bond - Treasurer	160,000	
Surety Bond - Board Secretary/Business Administrator	20,000	
Employee dishonesty	10,000	

Source: District records.

SINGLE AUDIT SECTION

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

The Honorable President and
Members of the Board of Education
Elk Township School District
98 Unionville Road
Glassboro, New Jersey 08028

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Elk Township School District, in the County of Gloucester, State of New Jersey, as of and for the year ended June 30, 2012, which collectively comprise the Elk Township School District's basic financial statements and have issued our report thereon dated November 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

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

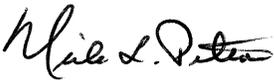
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

PETRONI & ASSOCIATES LLC



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

November 21, 2012

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

The Honorable President and
Members of the Board of Education
Elk Township School District
98 Unionville Road
Glassboro, New Jersey 08028

Compliance

We have audited the Board of Education of the Elk Township School District's, in the County of Gloucester, State of New Jersey, compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Elk Township School District's major federal and state programs for the year ended June 30, 2012. Elk Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Elk Township School District's management. Our responsibility is to express an opinion on the Elk Township School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, 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 Elk Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Elk Township School District's compliance with those requirements.

In our opinion, the Elk Township School District, in the County of Gloucester, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are described in the accompanying schedule of findings and questioned costs as item 2012-01.

Internal Control over Compliance

Management of the Elk Township School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Elk Township School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, and New Jersey OMB's Circular 04-04, 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 District's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item 2012-01. 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 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.

Elk Township School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Elk Township School District's responses and, accordingly, we express no opinion on the responses.

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

PETRONI & ASSOCIATES LLC



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

November 21, 2012

ELK TOWNSHIP BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2011	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2012			Cumulative Total Expenditures
				From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Education															
General Fund:															
Education Jobs Fund	84.410	N/A	85,432	9/1/10	9/30/12			85,432	(85,432)						85,432
Medical Assistance Program (SEMI)	93.778	N/A	4,543	7/1/11	6/30/12			3,217	(4,543)			(1,326)			4,543
Medical Assistance Program (SEMI)	93.778	N/A	8,685	7/1/10	6/30/11	(3,716)		3,716							8,685
Total General Fund						(3,716)		92,365	(89,975)			(1,326)			98,660
U.S. Department of Education															
Passed-through State Department of Education															
Special Revenue Fund:															
Title I, Part A	84.010	NCLB133012	91,771	9/1/11	8/31/12			47,536	(88,216)			(40,680)			88,216
Title I, Part A	84.010	NCLB133011	79,069	9/1/10	8/31/11	(24,392)		31,076	(6,684)						79,069
Title I, Part A	84.010	NCLB133010	86,373	9/1/09	8/31/10	(791)		791							86,373
ARRA - Title I, Part A	84.389	ARRA133010	20,099	9/1/09	8/31/11	(4,476)		8,060	(3,584)						20,099
IDEA Part B, Basic Regular	84.027	FT133012	101,436	9/1/11	8/31/12			84,740	(101,436)			(16,696)			101,436
IDEA Part B, Basic Regular	84.027	FT133011	102,219	9/1/10	8/31/11	(27,118)		28,384	(1,266)						102,219
IDEA Part B, Basic Regular	84.027	FT133010	97,651	9/1/09	8/31/10	(3,805)		3,805							97,651
ARRA - IDEA Part B, Basic Regular	84.391	ARRA133010	81,314	9/1/09	8/31/11	(5,039)		10,002	(4,963)						81,314
IDEA Part B, Preschool	84.173	FT133012	2,852	9/1/11	8/31/12			819	(2,852)			(2,033)			2,852
IDEA Part B, Preschool	84.173	FT133011	2,892	9/1/10	8/31/11	(819)		819							2,892
ARRA - IDEA Part B, Preschool	84.392	ARRA133010	2,931	9/1/09	8/31/11	(906)		906							2,931
Title II Part A	84.367	NCLB133012	16,646	9/1/11	8/31/12			2,399	(16,059)			(13,660)			16,059
Title II Part A	84.367	NCLB133011	18,421	9/1/10	8/31/11	(8,873)		10,364	(1,491)						18,407
Title II Part A	84.367	NCLB133010	18,088	9/1/09	8/31/10	(3,379)		3,379							18,088
Title II Part D	84.318	NCLB133011	176	9/1/10	8/31/11	(176)		176							176
Rural Education Achievement Program	84.358	S358A021526	28,159	7/1/11	6/30/12			15,216	(26,028)			(10,812)			26,028
Rural Education Achievement Program	84.358	S358A021526	30,123	7/1/10	6/30/11	(7,364)		7,364							30,123
Total Special Revenue Fund						(87,138)		255,836	(252,579)			(83,881)			773,933
U.S. Department of Agriculture															
Passed-through State Department of Education:															
Enterprise Fund:															
Food Distribution Program	10.550	N/A	11,440	7/1/11	6/30/12			11,440	(9,632)				1,808		9,632
Food Distribution Program	10.550	N/A	8,293	7/1/10	6/30/11	894			(894)						8,293
School Breakfast Program	10.553	N/A	16,511	7/1/11	6/30/12			15,789	(16,511)			(722)			16,511
National School Lunch Program	10.555	N/A	53,961	7/1/11	6/30/12			52,137	(53,961)			(1,824)			53,961
Special Milk Program	10.556	N/A	1,084	7/1/11	6/30/12			1,041	(1,084)			(43)			1,084
Total Enterprise Fund						894		80,407	(82,082)			(2,589)	1,808		89,481
Total Federal Financial Awards						(89,960)		428,608	(424,636)			(87,796)	1,808		962,074

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

ELK TOWNSHIP BOARD OF EDUCATION
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2012

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2011			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance June 30, 2012			MEMO	
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover (Walkover) Amount				Accounts Receivable	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
Extraordinary Aid	12-100-034-5120-473	62,570	7/1/11	6/30/12				(62,570)			(62,570)				62,570
Extraordinary Aid	11-100-034-5120-473	27,706	7/1/10	6/30/11	(27,706)		27,706								27,706
State Aid Public:															
Categorical Special Education Aid	12-495-034-5120-089	179,377	7/1/11	6/30/12			179,377	(179,377)						17,268	179,377
Equalization Aid	12-495-034-5120-078	1,898,933	7/1/11	6/30/12			1,898,933	(1,898,933)						181,653	1,898,933
Categorical Security Aid	12-495-034-5120-084	60,810	7/1/11	6/30/12			60,810	(60,810)						5,831	60,810
Adjustment Aid	12-495-034-5120-085	48,446	7/1/11	6/30/12			48,446	(48,446)						4,485	48,446
Categorical Transportation Aid	12-495-034-5120-014	158,165	7/1/11	6/30/12			158,165	(158,165)						15,026	158,165
Reimbursement of Nonpublic Transportation	N/A	4,176	7/1/11	6/30/12							(4,176)				4,176
Reimbursement of Nonpublic Transportation	N/A	5,920	7/1/10	6/30/11	(5,920)		5,920								5,920
On-behalf TPAF Pension Contribution	12-495-034-5095-007	7,554	7/1/11	6/30/12			7,554	(7,554)							7,554
On-behalf TPAF Postretirement Contribution	12-495-034-5095-001	227,091	7/1/11	6/30/12			227,091	(227,091)							227,091
Reimbursed TPAF Social Security Aid	12-495-034-5095-002	162,131	7/1/11	6/30/12			154,229	(162,131)			(7,902)				162,131
Reimbursed TPAF Social Security Aid	11-495-034-5095-002	167,716	7/1/10	6/30/11	(7,760)		7,760								167,716
Total General Fund					(41,386)		2,775,991	(2,809,253)			(74,648)			224,263	3,010,595
Special Revenue Fund:															
Preschool Education Act	12-495-034-5120-086	63,664	7/1/11	6/30/12			63,664	(63,663)				1		6,366	63,663
Debt Services Fund:															
Debt Service Aid Type II	12-495-034-5120-017	86,590	7/1/11	6/30/12			86,590	(86,590)							86,590
Total Debt Service Fund							86,590	(86,590)							86,590
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	12-100-010-3350-023	1,694	7/1/11	6/30/12			1,637	(1,694)			(57)				1,694
Total Enterprise Fund							1,637	(1,694)			(57)				1,694
Total State Financial Assistance					(41,386)		2,927,882	(2,961,200)			(74,705)	1		230,629	3,162,542

a = Prior year encumbrance canceled

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

ELK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2012

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Education, Elk Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey Circular Letter 04-04. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to NJSA 18A:22-44-2. For GAAP purposes, that, payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the last state aid payment in the current budget year, consistent with NJSA 18A:22-4-2.

ELK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2012

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$7,155) for the General Fund and \$576 for the Special Revenue Fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	89,975	2,802,098	2,892,073
Special Revenue Fund	252,757	64,061	316,818
Debt Service Fund		86,590	86,590
Food Service Fund	82,996	1,694	84,690
Total Financial Assistance	<u>425,728</u>	<u>2,954,443</u>	<u>3,380,171</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FOOD DISTRIBUTION PROGRAM

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. Non-monetary assistance is reported in the schedule at the market value of the commodities received and disbursed. At June 30, 2012, Elk Township School District has food commodities totaling \$1,808 in inventory.

NOTE 6: OTHER

The amount reported as TPAF Pension Contributions of \$234,645 represents the amount paid by the State on behalf of the District for the year ended June 30, 2012. TPAF Social Security Contributions of \$162,131 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

ELK TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted? Yes No

Federal awards

N/A

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? Yes No

Identification of major programs:

CFDA Number

Name of Federal Program or Cluster

N/A

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

ELK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Section I – Summary of Auditor’s Results

State awards

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes No

Internal control over major programs:

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

2. Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04? X Yes No

Identification of major programs:

<u>GMIS Numbers</u>	<u>Name of State Program</u>
495-034-5120-089	Special Education Aid
495-034-5120-078	Equalization Aid
495-034-5120-084	Security Aid
495-034-5120-085	Adjustment Aid

Section II – Financial Statement Findings

None

Section III – Federal Financial Assistance Findings and Questioned Costs

N/A

ELK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Section III – State Financial Assistance Findings and Questioned Costs

Finding

2012-01 - State Aid Public - Equalization Aid 495-034-5120-078, Special Education Aid 495-034-5120-089, Security Aid 495-034-5120-078, Adjustment Aid 495-034-5120-085, Fiscal year 2012

Criteria

Approved budgetary line accounts should not be over-expended pursuant to the administrative code.

Condition

A budgetary line item was over-expended at June 30 despite the Board Secretary's monthly certification to the contrary (*NJAC 6A:23A-16.10*).

Questioned Cost

\$1,479 actual overexpenditure.

Effect

The State Aid deduction for debt service assessment was not charged to a budgetary line item since no budgetary appropriation existed.

Cause

This was an oversight by the client.

Recommendation

The Board Secretary should not approve the issuance of purchase orders that would cause over-expenditure in a line account to be charged, prior to the board approving the requested transfer of additional appropriations to cover such orders.

View of responsible officials and planned corrective action

The Business Administrator agrees with the finding and will address this matter in the corrective action plan.

ELK TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

No matters were reported.