

**SCHOOL DISTRICT
OF
STOW CREEK TOWNSHIP**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Stow Creek Township Board of Education

Cumberland, New Jersey

For the Fiscal Year Ended June 30, 2015

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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For the Fiscal Year Ended June 30, 2015

Prepared by

Stow Creek Township Board of Education

Finance Department

INTRODUCTORY SECTION

Stow Creek Township School District

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BUSINESS OFFICE TEL (856) 299-4240

BRIDGETON, NJ 08302-8951
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Rodney Cruzan
Board President

John Klug
Chief School Administrator

Gary R. Moore
Board Secretary/
School Business Administrator

November 23, 2015

Honorable President and
Members of the Board of Education
Stow Creek Township School District
Cumberland County, New Jersey

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and the New Jersey State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Awards, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Stow Creek Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. 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 a basis of governmental, business-type and fiduciary funds, which are all included in this report. The Stow Creek Township Board of Education and its one school constitute the District's reporting entity.

Stow Creek Township School District provides a full range of educational services appropriate for grade levels Pre-K through Eighth grade. These include regular education, as well as special education for handicapped students. Our students in grades 9-12 are sent to Cumberland Regional High. The Stow Creek Township School District completed the 2014-2015 fiscal year with an enrollment of 112 students, which was 1 student less than in the prior year. The following changes in the student enrollment of the District over the last ten years show a leveling off for the later years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2014-15	112	(3)%
2013-14	116	(1)%
2012-13	117	0%
2011-12	117	(12)%
2010-11	133	(1)%
2009-10	134	(2)%
2008-09	137	(1)%
2007-08	138	(2)%
2006-07	141	(1)%
2005-06	143	5 %
2004-05	136	(3)%

2. ECONOMIC CONDITION AND OUTLOOK:

Stow Creek Township continues to experience limited growth, as depicted in the enrollment statistics. Approximately three-quarters of the total area of the Township is considered prime farmland, which has been a significant factor in terms of Stow Creek's planned development, encouraging the retention of prime farmland for agricultural use.

Future development in Stow Creek is governed by natural or environmental factors, in addition to agricultural suitability of soils. The Township has no central sewer system and therefore, soil suitability for on-site waste disposal systems is crucial in terms of development potential. In addition, the recent upgrading of requirements by the New Jersey Department of Health, regarding on-site systems, mandates that areas with only slight limitations will be further restricted in density. Wetland regulations also impact on development potential. Several landowners have sold properties to NJ Fish and Wildlife Management and the State has also established a state park in the Township.

3. MAJOR INITIATIVES:

Stow Creek School District is continuing to use the economies of scale generated by its alliance with Greenwich Township in the Greenwich-Stow Creek Partnership Schools to enhance the quality of instruction and the educational opportunities available to the children of both districts while reducing costs and improving facilities.

Over the last two years, the district has renovated its Gym with a new floor, stage curtain, window replacement and LED lighting. New split unit air conditioning units have been installed in two classrooms and plans are being made to replace the existing driveway/parking lot black top by the end of 2016.

Stow Creek Township is continuing its major technology initiatives this year. The entire school has been rewired for a 50 times faster Internet connection to allow for effective use of a One-to-One laptop/tablet initiative for all 5th through 8th grade students this year. The district is continuing to collaborate with the Educational Technology Training Center at Richard Stockton College to provide professional development to teachers in the effective use of educational technology. They are providing a technology infusion specialist to train our current technology teacher to work with our staff as an in-house technology infusion specialist. We have also opened this intensive hands-on training-the trainer to neighboring school districts to share the cost. We have dedicated the rents received from the new cell tower erected on school property this year to helping fund these educational technology advances.

Stow Creek is also expanding the integrated, global computerized information system installed two years ago. In addition to a complete Student Information System, Discipline system online, teacher lesson plans online, grade books, and teacher web-sites, we are utilizing a student statistics tool to drill down on the specific skills that our students need to improve their understanding of the subject area and a curriculum building tool to expedite our transition with the rest of New Jersey to the Common Core. We are also using this integrated system as the technology tool to go along with our newly adopted Danielson teacher evaluation model for the implementation on AchieveNJ. We are doing this in partnership with the six neighboring districts, which make up the constituency of the local regional high school to allow us to reap considerable economies of scale in the required staff training.

We have adopted and are implementing the new Common Core Standards for Math and Language Arts. Considerable staff training on the Common Core has been funded through a grant obtained in collaboration with 9 school districts in Cumberland and Cape May counties.

Stow Creek, on behalf of the partnership, is continuing to enter into new collaborative relationships with surrounding districts and businesses. We now share a World Languages teacher one period a day and a Music teacher halftime with Hopewell Crest; we share a Guidance Counselor two days per week with the regional high school, as well as our numerous shared services with Greenwich in the partnership. By negotiating as one larger entity and sharing those services and costs with Greenwich, Stow Creek has negotiated better contract terms with our Student Information System provider, our outsourced IT provider and our automated telephone contact system provider, technology providers, textbook publishers and others.

In conclusion, the School District has committed itself to educational excellence and continued parsimony. The new collaborations are allowing Stow Creek to provide better and new educational services to our children and keep costs in check. Stow Creek is taking the steps necessary to keep up with today's changing economic and regulatory conditions and still provide a world-class education for the children of Stow Creek Township.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with 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 is also 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 being made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2015.

6. ACCOUNTING SYSTEM AND REPORTS:

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. These funds are explained in "Notes to the Financial Statements," Note 1.

7. FINANCIAL INFORMATION AT FISCAL YEAR END:

As demonstrated by the various statements and schedules included in the financial statements section of the report, the District continues to meet its responsibility for sound financial management.

8. DEBT ADMINISTRATION:

As of June 30, 2015, the District does not have any debt, other than \$66,685 in a capital lease and \$48,439 in uncompensated absences.

9. CASH MANAGEMENT:

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

10. RISK MANAGEMENT:

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


11. OTHER INFORMATION:

- A. Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita and Volpa, P. A., 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 of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 and/or 15-08 OMB. 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.


12. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Stow Creek 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,



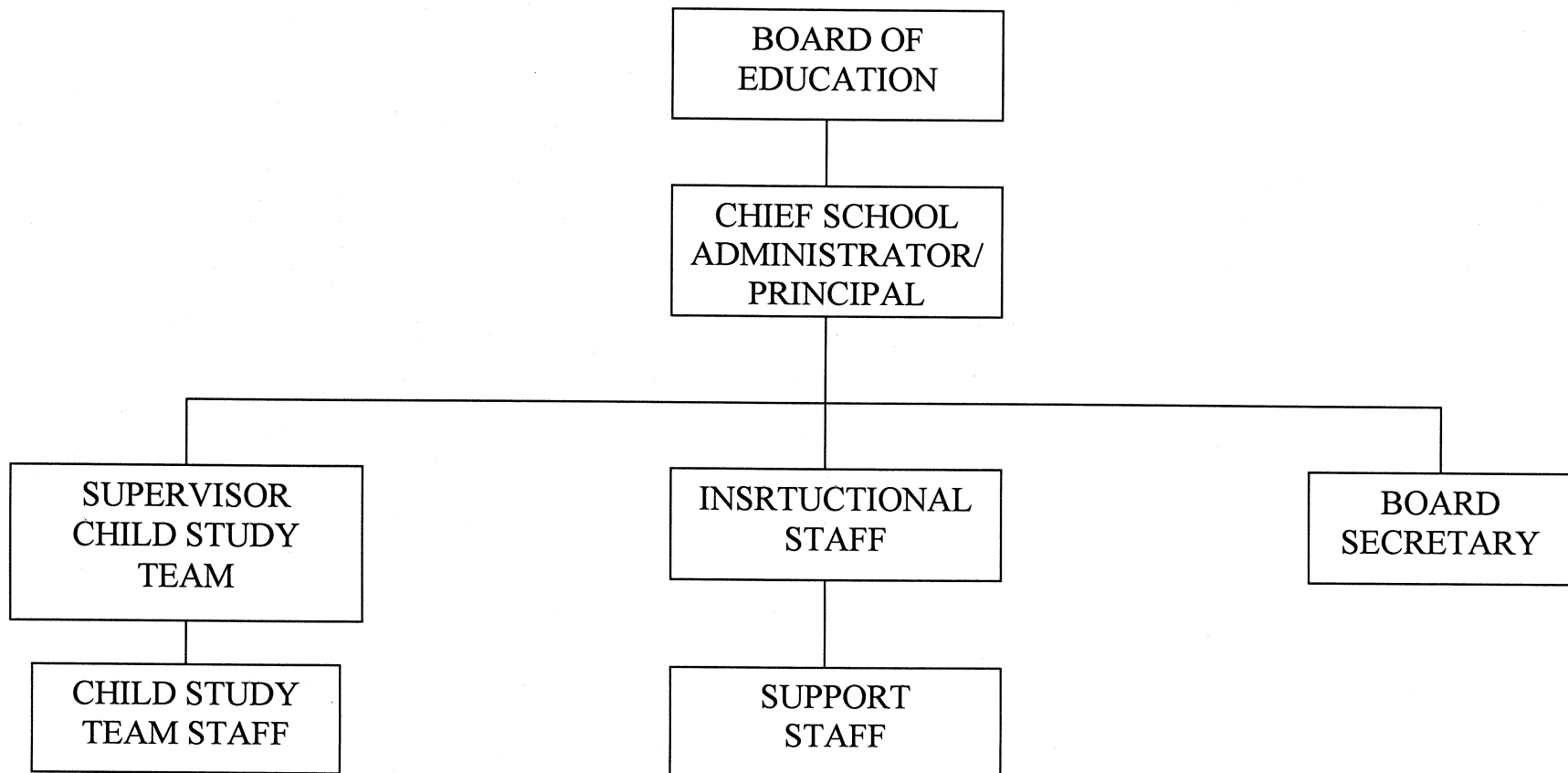
John Klug
Chief School Administrator



Gary R. Moore
Board Secretary / Business Administrator

STOW CREEK TOWNSHIP SCHOOL DISTRICT

ORGANIZATIONAL CHART (UNIT CONTROL)



STOW CREEK TOWNSHIP BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2015

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Scott Bonham, President	2016
Kate Thompson, Vice President	2015
Kevin Coll	2017
Andrea Levick	2016
Beth Iwaszkiewics	2015
Fred Hovermann	2015
Leigha Saulin	2017
Cajya Darling	2017
Kelly Fithian	2016

OTHER OFFICIALS

John Klug, Chief School Administrator

Gary R. Moore, Board Secretary/Business Administrator

Kimberly Fleetwood, Treasurer of School Monies

Jane B. Capasso, Esq., Solicitor

STOW CREEK TOWNSHIP SCHOOL DISTRICT
CONSULTANTS AND ADVISORS

AUDIT FIRM

Raymond Colavita, CPA, RMA
Nightlinger, Colavita and Volpa, P. A.
Certified Public Accountants
991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

ATTORNEY

Jane B. Capasso, Esquire
Lipman, Antonelli, Batt, Gilson, Malestein, Rothman & Capasso
110 North Sixth Street
Vineland, NJ 08362-0729

OFFICIAL DEPOSITORY

Bank of America
500 Shiloh Pike
Bridgeton, New Jersey 08302

Colonial Bank, FSB
85 W. Broad Street
Bridgeton, New Jersey 08302

State of New Jersey Cash Management Fund
Citi Fund Services
PO Box 182218
Columbus, OH 43216

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
P.O. Box 799
Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245
www.colavita.net

November 23, 2015

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Stow Creek Township School District
Bridgeton, New Jersey 08302

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

Opinions

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

Other Matters

Required Supplementary Information

The Management Discussion and Analysis and Budgetary Comparison Information on pages 12 through 19 and 53 through 57 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Stow Creek School District's financial statements as a whole. The introductory section, combining fund and individual non-major fund financial statements, long-term debt schedules and statistical section 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 New Jersey OMB's Circular 04-04 and/or 15-08, ***Single Audit Policy For Recipients of Federal Grants, State Grants and State Aid***, and are not a required part of the financial statements.

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

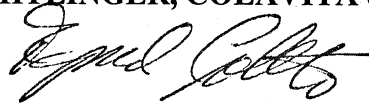
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 23, 2015 on our consideration of the Township of Stow Creek School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governments Auditing Standard and should be considered in assessing the results of our audit.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Stow Creek Township School District Management Discussion and Analysis (Unaudited)

This section of the Stow Creek Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ending on June 30, 2015. Comparative information between the current year (2014-15) and the prior year (2013-14) is required to be presented in the MD&A. The intent of the discussion and analysis is to look at the District's financial performance as a whole. Interested parties should review the basic financial statements and notes in concert with this document in order to enhance and clarify their understanding of the finances of the District.

Using the Comprehensive Annual Financial Report (CAFR)

The Comprehensive Annual Financial Report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information.

The basic financial statements include two kinds of statements that present different views of the District:

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

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

Key financial highlights for 2015 are as follows:

- The assets of the Stow Creek School District exceeded its liabilities at the close of the most recent fiscal year on June 30, 2015 by \$299,761.
- Total net position of governmental activities increased by \$120,889, comprised of changes in various assets and liabilities. The net position of Business-type Activities decreased by \$9,758.
- As of the close of the current fiscal year, the Township of Stow Creek School District's Governmental Funds reflected combined ending fund balances of \$ 353,364, which is a decrease of \$16,264 from the prior year.

- General revenues accounted for \$1,916,811, which was 78% percent of total revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$532,668 or 22% percent to total revenues of \$2,449,479.
- The School District had \$2,338,348 in expenses, of which only \$532,668 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily federal awards, state aid and property taxes) were adequate to provide for these programs, which include the Business-type Activities.
- The General Governmental Fund had \$2,055,067 in revenues, \$2,070,331 in expenditures and \$(1,000) in other net financing sources. The General Fund balance increased \$16,264 over 2014. This decrease was anticipated by the Board of Education, although fund balance of \$95,000 was used to balance the budget.

District-wide Financial Statements – Reporting the School District as a Whole

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

The two district-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets and liabilities – are one way to measure the District's overall financial position.

This change in net position is important because it tells the reader that, for the school district as a whole, the financial positions of the School district 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 Position and the Statement of Activities, which represent the district-wide financial statements, 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, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation, extracurricular activities and internal service funds.
- Business – Type Activities – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service and After School Child Care enterprise funds are reported as a business-type activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds begins on page 22. Fund financial reports provide detailed information about these major funds. The School District uses numerous funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds.

The District may implement four types of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental fund statements explains the relationship (or differences) between them.
- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- *Internal service funds:* (Also considered proprietary funds) are optional and utilized to report activities that provide supplies and services for other District programs and activities. The District currently does not have any internal service funds.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as the student activity fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements, as these assets may not be used to finance the District's operations.

The School District as a Whole

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

Table 1
Net Position

	2015	2014
Assets		
Current and Other Assets	\$ 658,337	\$ 674,441
Capital Assets, Net	445,763	326,650
Total Assets	1,104,100	1,001,091
Deferred Outflow of Resources	36,301	
Liabilities		
Current Liabilities	299,232	289,821
Long-term Liabilities	506,977	134,677
Total Liabilities	806,209	424,498
Deferred Inflow of Resources	23,370	
Net Position		
Invested in Capital Assets, Net of Debt	379,378	238,037
Restricted	180,035	191,828
Unrestricted (Deficit)	(248,591)	146,728
Total Net Position	\$ 310,822	\$ 576,593

Table 2 shows the changes in net position from fiscal year's 2015 and 2014.

Table 2
Changes in Net Position

	<u>2015</u>	<u>2014</u>
Revenues		
Programs Revenues		
Charges for Services	\$ 55,492	\$ 54,354
Operating Grants	477,176	255,604
General Revenues		
Property Taxes	1,019,220	956,810
Grants and Entitlements	831,394	830,696
Other	66,197	70,188
	<u>2,449,479</u>	<u>2,167,652</u>
Program Expenses		
Instruction	835,308	746,852
Tuition	34,831	135,939
Pupil and Instructional Staff	153,350	151,793
General Administration, School		
Administration, Business	183,587	180,674
Operations and Maintenance of Facilities	191,315	224,106
Pupil Transportation	171,145	182,231
Employee Benefits	676,487	473,902
Food Service & After School Care	91,586	89,860
Interest on Debt	739	
	<u>2,338,348</u>	<u>2,185,357</u>
Less: Fixed Asset Adjustment		
Increase in Net Position	<u>\$ 111,131</u>	<u>\$ (17,705)</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. The District's Property taxes made up 53.2% percent of the net revenues for governmental activities of \$1,915,752. Unrestricted Federal, state and local grants accounted for another 43.3%. The total cost of services, as shown below, was \$2,338,348. The net cost of all governmental programs and services, which excludes charges for services and operating grants, was \$1,805,680. Instruction comprises 35.7% of these net District expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows a comparison of the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2014</u>
Instruction	\$ 835,308	\$ 728,675	\$ 746,852	\$ 689,161
Tuition	34,831	34,831	135,939	135,939
Pupil and Instructional Staff	153,350	118,810	151,793	115,919
General Administration, School				
Administration, Business	183,587	183,587	180,674	180,674
Operation and Maintenance of Facilities	191,315	191,315	224,106	224,106
Pupil Transportation	171,145	171,145	182,231	182,231
Employee Benefits	676,487	365,761	473,902	331,809
Enterprise Funds	91,586	10,817	89,860	15,560
Interest on Debt	739	739		
Total Expenses	<u>\$ 2,338,348</u>	<u>\$ 1,805,680</u>	<u>\$ 2,185,357</u>	<u>\$ 1,875,399</u>

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

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development. Curriculum and staff development expenses (included in support services) are related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Co-curricular activities include instructional expenses related to student activities provided by the School district, which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District as well as internal service fund expenses.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition as well as internal service fund expenses.

Pupil transportation includes activities involved with the conveyance of students to and from school and other activities, as provided by state law, as well as internal service fund expenses.

Unallocated Depreciation reflects the cost of fixed assets spread over the estimated useful lives of the individual assets

Business-Type Activities

Revenues for the District's business-type activities (Food Service and After School Child Care Programs) were comprised of charges for services and federal and state reimbursements.

- Expenditures exceeded Revenues by \$11,855 in the Food Service Fund and Revenues exceeded Expenditures by \$1,038 in the After School Childcare Program. This excess was offset by a board subsidy of \$1,000 and miscellaneous income of \$59. This resulted in a negative change in net position of \$9,758.

- Charges for services represent \$43,041 in the Food Service Fund and \$12,451 in the After School Childcare Program. This represents amount paid by patrons for daily food service activities and after school childcare.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$25,277.

The School District's Funds

Information about the School District's major funds starts on page 22. These funds are accounted for using the modified accrual basis of accounting. The governmental funds used (i.e., General Fund, Special Revenue Fund and Capital Project Fund presented in the fund-based statements) had total revenues of \$2,202,966, expenditures of \$2,218,230 and other net financing sources of \$(1,000). The net financing sources represented a transfer of \$1,000 to the Food Service Fund. The net change in fund balance for the year was \$(16,264). This demonstrates that the District was able to meet current operating costs with no urgent need for additional funds other than \$95,000 in surplus appropriated to balance the 2014-15 budget.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the Governmental Funds (excluding Capital Projects) for the fiscal year ended June 30, 2015, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2014</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 1,085,358	49.27%	\$ 58,438	6.06%
State Sources	991,955	45.03%	1,817	0.18%
Federal Sources	125,653	5.70%	49,437	61.38%
Total	\$ 2,202,966	100.00%	\$ 109,692	5.35%

The increase in Local sources is attributed to increases in the tax levy of \$62,410, tuition of \$3,040 and general fund transportation of \$1,375, offset by a decrease in miscellaneous revenues of \$8,387.

The decrease in State sources is attributed to a decrease in State Public School aid of \$188 and an increase in Special Revenue Fund Grants of \$2,005.

The above schedule includes the two last state aid payments for 2013-2014 of \$73,045 received in July 2014 and does not include the two last state aid payments for 2014-2015 received in July 2014 in the amount of \$78,237.

The decrease in Federal sources is due to various decreases in the Special Revenue Fund Grants. In addition, the 2015 figures do not include deferred revenue in accordance with GAAP accounting.

The following schedule presents a summary of General Fund and Special Revenue Fund Expenditures for the fiscal year ended June 30, 2015 and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease from 2014)</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 828,283	37.34%	\$ 86,204	11.89%
Undistributed expenditures	1,208,468	54.48%	(109,531)	-8.84%
Capital Outlay	181,479	8.18%	92,127	12466.44%
Total	\$ 2,218,230	100.00%	\$ 68,800	3.50%

The increase in Instructional Expenditures is attributed to increases in Regular Instruction of \$83,090, \$1,521 in Special Instructional Expenses and \$1,593 in Other Instructional Expenses.

The increase in Undistributed Expenditures was due to increases in Student Related costs of \$1,557, Administration/Central Services costs of \$3,646 and Employee Benefits of \$40,460 offset by decreases in Tuition of \$101,108, Plant and Maintenance costs of \$32,884 and Transportation costs of \$21,202.

The increase in Capital Outlay is attributed to facility acquisition costs.

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 modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2015, the School District amended its General Fund budget as needed. The School District uses program based budgeting. These budgeting systems are designed to tightly control total program budgets while providing flexibility for program management to address the following:

- Staffing changes based on student needs
- Additional costs for student transportation both in regular education and special education
- Changes in maintenance and operations
- Changes in appropriations to prevent budget overruns

While the District's final budget for the general fund anticipated that revenues, including surplus appropriated, would roughly equal expenditures, the actual results for the year show an decrease of \$11,072 as shown on Exhibit C-1.

- Actual revenues were \$5,757 more than expected, excluding on-behalf pension and social security reimbursements of \$141,087, due to the increased adjustment aid.
- Actual expenditures were \$60,079 more than expected. This includes state on-behalf pension and social security reimbursements of \$141,087 and reflects favorable variances in most expenditure accounts.

Capital Assets

At the end of the fiscal year 2015, the School District had \$445,763 (net of accumulated depreciation) invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2015 balances compared to 2014.

Table 4
Capital Assets (Net of Depreciation) at June 30

	<u>2015</u>	<u>2014</u>
Land Improvements	\$ 10,392	\$ 11,555
Building and Improvements	157,195	6,854
Vehicles	231,057	253,433
Equipment	47,119	54,808
Totals	<u>\$ 445,763</u>	<u>\$ 326,650</u>

Overall net Capital Assets increased by \$119,113 from fiscal year 2014 to fiscal year 2015, representing additions of \$158,512, offset by depreciation expense of \$39,399.

Long-Term Debt:

At year-end, the District had outstanding long-term debt of \$66,385 in capital leases and compensated absences of \$48,439. There was no other outstanding debt authorized or issued (Note 6 to the Financial Statements). The amount of debt available for authorization by statute is \$3,389,177.

Factors Bearing on the District's Future

The Greenwich-Stow Creek Partnership between Stow Creek and Greenwich Township is entering its eighth year. As the Partnership matures and continues to develop in new productive modes, Stow Creek Township School District foresees gaining increasingly more benefits from the economies of scale and opportunities generated by this alliance. It is anticipated that new and innovative uses of the partnership will allow the continued enhancement of the quality of instruction and the expansion of educational opportunities available to the children of both districts while at the same time maintaining fiscally prudent stewardship of taxpayers' dollars.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact John Klug, Chief School Administrator, at Stow Creek Township School District, 11 Gum Tree Corner Road, Bridgeton, NJ 08302.

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities.

These statements distinguish between the governmental and business-type activities of the District.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 613,248	\$ 10,524	\$ 623,772
Receivables, Net	6,528	5,116	11,644
Interfunds Receivable	18,860		18,860
Inventory		3,200	3,200
Restricted Assets:			
Capital Reserve Account - Cash	861		861
Capital Assets, Net (Note 5)	440,443	5,320	445,763
Total Assets	1,079,940	24,160	1,104,100
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Pension Outflows	36,301		36,301
LIABILITIES			
Current Liabilities:			
Accounts Payable	30,735	11,432	42,167
Interfund Payable	1,000		1,000
Payable to State Governments	18,885		18,885
Unearned Revenue	235,513	1,667	237,180
Net Pension Liability	392,153		392,153
Noncurrent Liabilities:			
Due Within One Year	21,638		21,638
Due Beyond One Year	93,186		93,186
Total Liabilities	793,110	13,099	806,209
DEFERRED INFLOWS OF RESOURCES:			
Deferred Pension Inflows	23,370		23,370
Net Position			
Invested in Capital Assets, Net of Related Debt	374,058	5,320	379,378
Restricted for:			
Capital Projects	73,608		73,608
Excess Surplus	88,430		88,430
Other Purposes	17,997		17,997
Unrestricted (Deficit)	(254,332)	5,741	(248,591)
Total Net Position	\$ 299,761	\$ 11,061	\$ 310,822

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

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 760,729	\$	\$ 106,633	\$ (654,096)	\$	\$ (654,096)
Special Education	51,425			(51,425)		(51,425)
Other Instruction	23,154			(23,154)		(23,154)
Support Services:						
Tuition	34,831			(34,831)		(34,831)
Student & Instruction Related Services	153,350		34,540	(118,810)		(118,810)
General and Business Administrative Services	129,742			(129,742)		(129,742)
School Administrative Services	21,145			(21,145)		(21,145)
Central Services	32,700			(32,700)		(32,700)
Plant Operations and Maintenance	191,315			(191,315)		(191,315)
Pupil Transportation	171,145			(171,145)		(171,145)
Unallocated Benefits	676,487		310,726	(365,761)		(365,761)
Interest on Debt	739			(739)		(739)
Total Governmental Activities	2,246,762		451,899	(1,794,863)		(1,794,863)
Business-type Activities:						
Food Service	80,173	43,041	25,277		(11,855)	(11,855)
After School Childcare	11,413	12,451			1,038	1,038
Total Business-type Activities	91,586	55,492	25,277		(10,817)	(10,817)
Total Primary Government	\$ 2,338,348	\$ 55,492	\$ 477,176	(1,794,863)	(10,817)	(1,805,680)
General revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				1,019,220		1,019,220
Federal and State Aid not restricted				831,394		831,394
Tuition Received				6,240		6,240
Transportation Fees Received				35,800		35,800
Miscellaneous Income				24,098		24,098
Transfer				(1,000)	1,000	
Interest					59	59
Total General Revenues, Special Items, Extraordinary Items and Transfers				1,915,752	1,059	1,916,811
				Change in Net Position		120,889
				Net Position - Beginning (Restated)		178,872
				Net Position - Ending	\$	\$ 299,761
					\$	\$ 11,061
					\$	\$ 310,822

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

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

GOVERNMENTAL FUNDS

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 567,451	\$ 45,824	\$ 613,275
Cash - Capital Reserve	861		861
Accounts Receivables:			
State	1,566		1,566
Federal		4,050	4,050
Other	912		912
Interfund Receivable	19,944		19,944
Total Assets	\$ 590,734	\$ 49,874	\$ 640,608
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 24,098	\$ 6,637	\$ 30,735
Prepaid Local School Tax	169,079		169,079
Interfund Payable	1,027	1,084	2,111
Payable to State Government		18,885	18,885
Unearned Revenue	43,166	23,268	66,434
Total Liabilities	237,370	49,874	287,244
Fund Balances:			
Restricted For:			
Capital Reserve	73,608		73,608
Excess Surplus - Designated for Subsequent Year's Expenditures	46,383		46,383
Excess Surplus	42,047		42,047
Assigned To:			
Year - End Encumbrances	17,152		17,152
Assigned Fund Balance:			
Designated for Subsequent Year's Expenditures	845		845
Unassigned, Reported In:			
General Fund	173,329		173,329
Total Fund Balances	353,364		353,364
Total Liabilities and Fund Balances	\$ 590,734	\$ 49,874	

Amounts reported for governmental activities in the Statement of Net Assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$922,844 and the accumulated depreciation is \$482,401 (Note 5).	440,443
Deferred Outflows of Resources - Deferred Pension Contributions	36,301
Deferred Inflows of Resources - Pension Actuarial gains	(23,370)
Long-term Liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(392,153)
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 6).	(114,824)
Net Position of Governmental Activities	\$ 299,761

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

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local Sources:			
Local Tax Levy	\$ 1,019,220	\$	\$ 1,019,220
Tuition from Individuals	6,240		6,240
Transportation Fees from Other LEAs	35,800		35,800
Unrestricted Miscellaneous Revenues	24,098		24,098
Total Local Sources	1,085,358		1,085,358
State Sources	969,709	22,246	991,955
Federal Sources		125,653	125,653
Total Revenues	2,055,067	147,899	2,202,966
EXPENDITURES			
Current:			
Regular Instruction	647,071	106,633	753,704
Special Education Instruction	51,425		51,425
Other Instruction	23,154		23,154
Support Services:			
Tuition	34,831		34,831
Student & Instruction Related Services	118,810	34,540	153,350
General Administration	129,722		129,722
School Administrative Services	21,145		21,145
Central Services	32,700		32,700
Plant Operations and Maintenance	191,025		191,025
Pupil Transportation	139,588		139,588
Employee Benefits	502,153	3,954	506,107
Capital Outlay	178,707	2,772	181,479
Total Expenditures	2,070,331	147,899	2,218,230
Excess (Deficiency) of Revenues Over Expenditures	(15,264)		(15,264)
OTHER FINANCING SOURCES (USES)			
Transfer to Food Service Fund	(1,000)		(1,000)
Total Other Financing Sources and Uses	(1,000)		(1,000)
Net Change in Fund Balances	(16,264)		(16,264)
Fund Balance—July 1	369,628		369,628
Fund Balance—June 30	\$ 353,364	\$ -	\$ 353,364

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

STOW CREEK 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, 2015

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	(16,264)
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation expense	\$	(38,892)
Capital outlays		158,512
		<hr style="width: 100%; border: 0.5px solid black;"/>
		119,620
Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including Service and interest cost, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.		
The issuance of long-term debt through bonds or leases provides current financial resources to the governmental funds, while the repayment of principal on long-term debt represents a use of resources in governmental funds. The payment of long-term debt principal is not a use of funds in the statement of activities.		22,228
Pension Expense recognized for GAAP but not for budgetary purposes.		(2,320)
In the Statement of Activities, certain operating expenses are measured by the amounts earned during the year, such as compensated absences. In the governmental funds, however, expenditures are reported when the corresponding financial resources are used or paid.		(2,375)
		<hr style="width: 100%; border: 0.5px solid black;"/>
Change in Net Position of Governmental Activities (A-2)	\$	120,889
		<hr style="width: 100%; border: 0.5px solid black;"/>

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

PROPRIETARY FUNDS

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-Type Activities		
	Enterprise Fund		Total Enterprise
	Food Service	After School Childcare	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 10,537	\$ (40)	\$ 10,497
Accounts Receivable:			
State	46		46
Federal	1,326		1,326
Other Program Fees	2,120	1,624	3,744
Interfund Receivable	27		27
Inventory	3,200		3,200
Total Current Assets	17,256	1,584	18,840
Noncurrent Assets:			
Furniture, Machinery & Equipment	35,147		35,147
Less Accumulated Depreciation	(29,827)		(29,827)
Total Noncurrent Assets	5,320		5,320
Total Assets	\$ 22,576	\$ 1,584	\$ 24,160
LIABILITIES AND FUND EQUITY:			
Current Liabilities:			
Accounts Payable	\$ 10,912	\$ 520	\$ 11,432
Unearned Revenue	1,641	26	1,667
Total Current Liabilities	12,553	546	13,099
Net Position			
Invested in Capital Assets, Net of Related Debt	5,320		5,320
Unrestricted	4,703	1,038	5,741
Total Net Position	10,023	1,038	11,061
Total Liabilities & Net Position	\$ 22,576	\$ 1,584	\$ 24,160

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

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities		
	Enterprise Fund		
	Food Service	After School Childcare	Total Enterprise
Operating Revenues:			
Charges for Services:			
Food Sales Reimbursable Programs	\$ 13,190	\$	\$ 13,190
Food Sales Non-Reimbursable Programs	29,851		29,851
After School Childcare Fees		11,751	11,751
Donation from PTO		700	700
Total Operating Revenue:	43,041	12,451	55,492
Operating Expenses:			
Salaries	25,195	11,079	36,274
Supplies and Materials	9,013	334	9,347
Cost of Sales	29,721		29,721
Management Fee	12,500		12,500
Miscellaneous	3,237		3,237
Depreciation	507		507
Total Operating Expenses	80,173	11,413	91,586
Operating Income (Loss)	(37,132)	1,038	(36,094)
Non-operating Revenues (Expenses):			
State Sources:			
State School Breakfast Program	446		446
Federal Sources:			
National School Lunch Program	14,473		14,473
School Breakfast Program	3,090		3,090
Food Distribution Program	7,268		7,268
Interest	59		59
Total Non-operating Revenues (Expenses)	25,336		25,336
Income (Loss) before Contributions & Transfers	(11,796)	1,038	(10,758)
Transfer from General Fund	1,000		1,000
Change in Net Position	(10,796)	1,038	(9,758)
Total Net Position - Beginning	20,819	-	20,819
Total Net Position - Ending	\$ 10,023	\$ 1,038	\$ 11,061

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

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

Business-Type Activities
Enterprise Funds

	Food Service	After School Childcare	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 43,041	\$ 12,451	\$ 55,492
Payments to Employees	(25,195)	(11,079)	(36,274)
Payments to Suppliers	(42,221)		(42,221)
Payment to Others	(27)	(1,412)	(1,439)
Net Cash Provided by (used for) Operating Activities	<u>(24,402)</u>	<u>(40)</u>	<u>(24,442)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	446		446
Federal Sources	24,831		24,831
Interfund Transfer	1,000		1,000
Net Cash Provided by (used for) Non-capital Financing Activities	<u>26,277</u>	<u>-</u>	<u>26,277</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Purchase of Fixed Assets			
Net Cash Used by Capital Financing			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends	59		59
Net Cash Provided by (used for) Investing Activities	<u>59</u>		<u>59</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,934	(40)	1,894
Balances—Beginning of Year	8,603		8,603
Balances—End of Year	<u>\$ 10,537</u>	<u>\$ (40)</u>	<u>\$ 10,497</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided			
(Used) by Operating Activities:			
Operating Income (Loss)	\$ (37,132)	\$ 1,038	\$ (36,094)
Adjustments to Reconcile Operating Income (Loss) to Net Cash			
Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	507		507
(Increase)Decrease in Accounts Receivable, Net	1,694		1,694
(Increase)Decrease in Interfund Receivable, Net	3,908		3,908
(Increase)Decrease in Other Program Fees Receivable	(216)	(1,624)	(1,840)
(Increase)Decrease in Inventories	(1,547)		(1,547)
Increase(Decrease) in Accounts Payable	7,366	520	7,886
Increase(Decrease) in Unearned Revenue	1,018	26	1,044
Total Adjustments	<u>12,730</u>	<u>(1,078)</u>	<u>11,652</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (24,402)</u>	<u>\$ (40)</u>	<u>\$ (24,442)</u>

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

FIDUCIARY FUNDS

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Trust Funds</u>	<u>Agency Funds</u>	
	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>
ASSETS			
Cash and Cash Equivalents	\$ 24,542	\$ 25,763	\$ 25,860
Interfund Accounts Receivable			
General Fund		1,000	
Payroll Agency Account	4,552		
Accounts Receivable		638	
Total Assets	\$ <u>29,094</u>	\$ <u>27,401</u>	\$ <u>25,860</u>
LIABILITIES			
Payable to Student Groups	\$	\$ 27,401	\$
Payroll Deductions and Withholdings			2,448
Interfund Accounts Payable:			
General Fund			18,860
Unemployment Trust Account			4,552
Total Liabilities	\$	\$ <u>27,401</u>	\$ <u>25,860</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	\$ <u>29,094</u>		

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

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Plan Member	\$ 7,420
Investments and Earnings:	
Interest	97
Total Additions	<u>7,517</u>
DEDUCTIONS:	
Unemployment Claims	5,395
Total Deductions	<u>5,395</u>
Change in Net Position	2,122
Net Position - July 1	<u>26,972</u>
Net Position - June 30	<u>\$ 29,094</u>

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

REQUIRED SUPPLEMENTARY INFORMATION – PART II

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

A. Reporting Entity:

The Stow Creek Township School District is a Type II district located in the County of Salem, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of seven members elected to three-year terms. These terms are staggered so that two or three members' terms expire each year. The purpose of the district is to educate students in grades PreK-8. The Stow Creek Township School District had an approximate enrollment at June 30, 2015 of 112 students.

Business Administrator/Board Secretary services are contracted with the Alloway School District including responsibility for the administrative control of the district.

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, as stipulated in GASB No. 114, the District has no component units.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently Issued and Adopted Accounting Pronouncements:

The district adopted the following GASB statements:

- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision- useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 25, *Financial reporting for Deferred Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No.50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The adoption of GASB 67, however, does not have any impact on the School District's financial statements.
- GASB 68, *Accounting and Financial reporting for Pensions*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions hat is provided by other state entities. This Statement replaces the requirements of Statement No.27, *Accounting for Pension Disclosures, and Local Governmental Employers*, as well as the requirements of Statement No.50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The adoption of GASB 68, will impact the financial statements of the School Districts.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Recently Issued and Adopted Accounting Pronouncements: (continued)

- In November 2013, the GASB issued Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. GASBS 71 is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This Statement is effective for fiscal years beginning after June 15, 2014. The adoption of GASB 71, will impact the financial statements of the School District's.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 69, *Government Combinations and Disposals of Government Operations*, is effective for periods beginning after December 15, 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The District is currently evaluating the impact of the adoption of this Statement on the School District's financial statements, although no impact is expected.

A. Basis of Presentation:

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

District-wide Statements: The statement of net position and the statements of activities display information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activities of the District at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different 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. Indirect expenses-expenses of the District related to the administration and support of the District's programs, such as personnel and accounting-are not allocated to programs.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

A. Basis of Presentation:

- Program revenues include (a) 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 and state formula aid, are presented as general revenues.

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.

B. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds and accounts are grouped in the financial statements in this report as follows:

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 sub-fund.

As required by the New Jersey State Department of Education, the District includes 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 capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting: (continued)

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (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. The district currently has no capital projects and, therefore, has not included a capital projects fund.

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.

Permanent Fund - The Permanent Fund is used to account for resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the District's programs, which are stipulated for the benefit of the School District or its students. The School District does not maintain a non-expendable scholarship fund that would require a permanent fund.

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon 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 following is a description of the Proprietary Funds of the District.

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The School District's Enterprise funds are as follows:

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

School Age Child Care Program - This fund accounts for the financial activity related to providing day care services to the students.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Fund Accounting: (continued)

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

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

Food Service Fund - Equipment	10 to 20 Years
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FIDUCIARY FUNDS

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. They account for assets where both the principal and interest may be spent. Expendable Trusts include Unemployment Compensation Insurance and scholarship funds, if any:

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District does not maintain a nonexpendable trust fund.

Agency Funds - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds. This includes a Flexible Medical Spending Plan.

C. Basis of Accounting and Measurement Focus:

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

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 enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of Unearned Revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under the 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.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Basis of Accounting and Measurement Focus: (continued)

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 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 in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989. The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds, which are submitted to the county office. In accordance with P.L. 2011, c. 202, the School District passed a resolution to move the school board election to the first Tuesday after the first Monday in November, starting in November of 2012 and to be held simultaneously with the general election. As a result, a vote is not required on the School District's general fund tax levy for the budget year, other than the general fund tax levy required to support a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting, 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 N.J.A.C. 6A:23A-16.2 (f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3. The Board of Education did not make any material supplemental budgetary appropriations during the 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 last state aid payment 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, which 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.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Budgets/Budgetary Control: (continued)

Exhibit C-3 presents a reconciliation of the general fund and special revenue fund from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

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 year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as Unearned Revenues at fiscal year end. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Tuition Receivable:

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

G. Tuition Payable:

Tuition charges for the fiscal years 2012-13, 2013-14 and 2014-15 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

J. Assets, Liabilities and Equity:

Transactions - Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

Inventories - On District-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expensed when used. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

At June 30, 2015, there was an ending inventory of \$3,200 in the Food Service Fund, of which \$1,641 was federal commodities.

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, 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 nonoperating revenue in the financial statements. The District receives federal commodity food for meal service provided through a vended meal contract.

Capital Assets - General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 2015 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the general fixed assets account group. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Assets in the general fixed assets account group are not depreciated.

Capital assets are depreciated in the district-wide financial statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building	50
Building Improvements	20
Equipment	5-10

K. Compensated Absences:

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

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

K. Compensated Absences: (continued)

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the district- wide statement of net position.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

L. Unearned Revenue:

Unearned Revenue in the special revenue fund represents cash that has been received but not yet earned.

M. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise 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 enterprise fund.

N. 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 but are not reported separately 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 and is included in the indirect expense column of the Statement of Activities. 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.

O. 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. Neither of these types of transactions occurred during the fiscal year.

P. Fund Equity:

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Q. Comparative Data/Reclassifications:

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

R. Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

S. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

T. Net Position:

Net Position represents the difference between assets and liabilities. Net Position 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 Position 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 Position are available.

U. Fund Balance Reserves:

The School District reserves those portions of fund balance, which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

V. 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 liabilities of the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

V. Revenues – Exchange and Non-exchange Transactions: (continued)

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

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 for 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 both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

W. New Accounting Standards:

During fiscal year 2013, the district adopted the following GASB statements:

- GASB 62, *Codification of Accounting and Financial reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect in a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.
- GASB 65, *Items Previously reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items were previously reported as assets and liabilities and recognize, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB 66, *Technical Corrections-2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54,

- Fund Balance Reporting and Governmental Fund Type Definitions and No. 62, *Codification of Accounting and Financial reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

W. New Accounting Standards (Cont'd):

- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision- useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 25, *Financial reporting for Deferred Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No.50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB 68, *Accounting and Financial reporting for Pensions*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions hat is provided by other state entities. This Statement replaces the requirements of Statement No.27, *Accounting for Pension Disclosures, and Local Governmental Employers*, as well as the requirements of Statement No.50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

X. Bond and Lease Acquisition Costs:

As part of any long-term Bond or lease agreement, providing for the use of school buildings, payments constituting professional fees will expensed when incurred in accordance with GASB Statement No. 65. There were no such bonds or leases for the year ended June 30, 2015.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Investments are stated at cost, or amortized cost, which approximates market. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity for any discount or premium. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the school district.

As of June 30, 2015, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	Cash and Cash Equivalents
Checking accounts	\$ 700,798
Total	\$ 700,798

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2015, the School District's bank balance of \$704,660 was subject to custodial credit risk as follows:

Insured	\$	322,361
Uninsured and collateralized with securities held by pledging financial institutions		<u>382,299</u>
	\$	<u><u>704,660</u></u>

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Township of Stow Creek Board of Education by inclusion of \$35,947 on June 30, 1998 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, 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 N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$	73,608
Interest Earnings		
Transfer from Capital Projects Fund		
Withdrawal in Budget		
Ending Balance, June 30, 2015	\$	<u><u>73,608</u></u>

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2015 is \$201,939. There were no withdrawals from the capital reserve during fiscal year 2014-15.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 5. CAPITAL ASSETS

Capital Asset Activity for the Year Ended June 30, 2015 was as Follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustment/ Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets that are not Being Depreciated:				
Total Capital Assets not Being Depreciated				
Land Improvements	\$ 73,284	\$		\$ 73,284
Building and Building Improvements	191,285	155,740		347,025
Vehicles	383,643			383,643
Equipment	116,120	2,772		118,892
Totals at Historical Cost	764,332	158,512	-	922,844
Less Accumulated Depreciation for :				
Land Improvements	(61,729)	(1,163)		(62,892)
Building and Improvements	(184,431)	(5,399)		(189,830)
Vehicles	(130,210)	(22,376)		(152,586)
Equipment	(67,139)	(9,954)		(77,093)
Total Accumulated Depreciation	(443,509)	(38,892)	-	(482,401)
Total Capital Assets being Depreciated, Net of Accumulated Depreciation	320,823	119,620	-	440,443
Government Activities Capital Assets, Net	\$ 320,823	\$ 119,620	\$ -	\$ 440,443
	To A-1			To A-1
Business-type Activities - Equipment	\$ 35,147			\$ 35,147
Less Accumulated Depreciation	(29,320)	(507)		(29,827)
Business-type Activities Capital Assets, Net	\$ 5,827	\$ (507)	\$ -	\$ 5,320

The opening balance on the Statement of Net Position has been restated to reflect the Governmental Activity adjustment above.

Depreciation Expense was Charged to Governmental Functions as Follows:

Instruction	\$ 7,025
Administration	20
Maintenance	290
Transportation	31,557
	<u>\$ 38,892</u>

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 6. GENERAL LONG-TERM DEBT

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>	<u>Long-term Portion</u>
Governmental Activities:						
Capital Lease	\$ 88,613	\$ -	(22,228)	\$ 66,385	\$ 21,638	\$ 44,747
Compensated Absences Payable	46,064	2,375		48,439		48,439
Total Other Liabilities	\$ 134,677	\$ 2,375	\$ (22,228)	\$ 114,824	\$ 21,638	\$ 93,186

To A-1

Bonds Authorized and Issued -- As of June 30, 2015, the District had no bonds authorized but not issued.

C. Capital Leases – The District is leasing a School Bus under capital leases. The leases are for terms of two to five years with interest rates ranging from 4.28% to 5.50%. The following schedule details the future minimum lease payments and the net minimum lease payments at June 30, 2015.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 21,638	\$ 1,492	\$ 23,130
2017	22,125	1,006	23,131
2018	22,622	508	23,130
	\$ 66,385	\$ 3,006	\$ 69,391

NOTE 7. OPERATING LEASES

The District had commitments to lease two copiers under operating leases that expired in 2015. The total operating lease payments made during the year ended June 30, 2015 were \$5,832.

NOTE 8. 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.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8. PENSION PLANS (CONT'D)

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 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 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.

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

For the year ended June 30, 2015, the District recognized pension expense of \$208,321 and revenue of \$208,321 for support provided by the State.

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2011, however, in accordance with Chapter 78, P.L. 2011, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The School District is billed annually for its normal contribution plus any accrued liability.

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

For the year ended June 30, 2015, the District recognized pension expense of \$19,587. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8. PENSION PLANS (CONT'D)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$
Changes of assumptions	12,331	
Net difference between projected and actual earnings on pension plan investments		23,370
Changes in proportion and differences between District contributions and proportionate share of contributions District contributions subsequent to the measurement date	6,703	
	17,267	
Total	\$ 36,301	\$ 23,370

\$17,267 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Additional Information

Collective balances at June 30, 2013 and 2014 are as follows:

		6/30/2014		6/30/2013
Collective deferred outflows of resources	\$	1,032,618,058	\$	
Collective deferred inflows of resources		1,726,631,532		
Collective net pension liability		14,665,837,859		15,190,834,283

Significant Legislation - P.L. 2011, c. 78, effective October 2011, set new employee contribution requirements towards the cost of employer provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this legislation's effective date with a minimum contribution required to be at least 1.5 percent of salary.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 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. TPAF and PERS provide for employer contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost - of - living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8. PENSION PLANS (CONT'D)

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Three-Year Trend Information for PERS						
Year		Annual		Percentage		Net
Funding		Pension		of APC		Pension
		Cost (APC)		Contributed		Obligation
6/30/15	\$	17,267		100	%	\$ 17,267
6/30/14		15,469		100		15,469
6/30/13		16,210		100		16,210

Three-Year Trend Information for TPAF (Paid on-behalf of the District)						
Year		Annual		Percentage		Net
Funding		Pension		of APC		Pension
		Cost (APC)		Contributed		Obligation
6/30/15	\$	110,320		100	%	\$ 0
6/30/14		80,885		100		0
6/30/13		88,498		100		0

During the fiscal year ended June 30, 2015, the State of New Jersey contributed \$42,636 to the TPAF for pension contribution and \$67,684 for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$30,767 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund schedules as a revenue and expenditure in accordance with GASB 27.

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or 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.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 9. POST-RETIREMENT BENEFITS (CONT'D)

As of June 30, 2014, there were 103,432 retirees receiving post retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c 62. Funding of post retirement medical benefits 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 employer paid 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 \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

NOTE 10. COMPENSATED ABSENCES

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

District employees are granted varying amounts of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated 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 agreement with the various employee unions.

In the District Wide-Statement of Net Position, 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 vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2015, a liability existed for compensated absences in the General Fund of \$48,439 and none in the Food Service Fund.

NOTE 11. 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, which are administered by the entities listed below, permits 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 as follows:

Lincoln Investments
GWN Marketing
LSW

NOTE 12. 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.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12. RISK MANAGEMENT (CONT'D)

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. The 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 prior 2 years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015	\$	\$ 7,517	\$ 5,395	\$ 29,094
2013-2014		7,990	10,749	26,972
2012-2013		5,592	10,000	29,731

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following Interfund Balances remained on the balance sheet at June 30, 2015:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 19,944	\$ 1,027
Special Revenue		1,084
Food Service Fund	27	
Student Activity Fund	1,000	
Payroll Fund		23,412
Unemployment Trust	4,552	
Total	\$ 25,523	\$ 25,523

NOTE 14. FUND BALANCE APPROPRIATED

General Fund - Of the \$353,364 General Fund balance at June 30, 2015, \$73,608 is restricted for Capital Reserve; \$88,430 has been restricted for excess surplus, of which \$46,383 has been assigned and appropriated as anticipated revenue in the year ending June 30, 2016; \$17,152 is assigned for Encumbrances; \$845 has been assigned and appropriated as anticipated revenue for the year ending June 30, 2015; and \$173,329 is unreserved and undesignated.

Debt Service Fund - There was no undesignated Debt Service fund balance at June 30, 2015.

NOTE 15. LITIGATION

The District is from time to time involved in claims and lawsuits incidental to its operations. Per confirmation by the District's legal counsel, there are no pending litigations, claims, assessments of contingent liability against the District.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 16. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2005, c.73(S1701), the designation for Reserved Fund Balance -- Excess Surplus is a required calculation pursuant to the New Jersey School Funding Reform Act of 2008 (SFRA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2015 is \$88,430, of which \$46,383 must be budgeted in the 2015-16 budget and \$42,047 must be budgeted in 2016-17.

NOTE 17. DEFICIT FUND BALANCES

The District did not have any deficit fund balances in the General or Special Revenue Fund as of June 30, 2015 as reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund does not alone indicate that the district is facing financial difficulties.

NOTE 18. RECEIVABLES

Receivables at June 30, 2015 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

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

Receivables:	General Fund	Special Revenue Fund	Proprietary Funds	Total
Intergovernmental	\$ 1,566	\$ 4,050	\$ 1,372	\$ 6,988
Other	912		3,744	4,656
Totals	\$ 2,478	\$ 4,050	\$ 5,116	\$ 11,644

NOTE 19. SUBSEQUENT EVENTS

There were no subsequent events affecting the District between June 30, 2015 and the Audit Report Date.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 20. RETRO ACTIVE RESTATEMENT OF NET POSITION

Restatement of Prior Period

The District adopted GASB No. 68 - Accounting and Financial Reporting for Pensions - An amendment of GASB No. 27 during the 2015 fiscal year as required by the pronouncement. The pronouncement requires the district to record its proportional share of the State of New Jersey's net pension liability on the face of its financial statements as of June 30, 2015 and to record related pension expense in accordance with the pronouncement. In order to correctly reflect pension expense in accordance with GASB No. 68, the beginning Net Position of the district was adjusted to reflect the beginning balance of the net pension liability. Since the adjustments to Net Position relate to the beginning net pension liability measured as of June 30, 2013. Also, in accordance with GASB No. 71- Pension Transition for Contributions Made Subsequent to the Measurement Date, the district restated to its Net Position for pension contributions made after the beginning net pension liability measurement date of June 30, 2013 (deferred outflows).

Beginning net position as previously reported at June 30, 2014	\$555,774
Prior Period Adjustment - Implementation GASB 68:	
Net Pension Liability (measurement date)	(392,371)
Prior Year Contributions	<u>15,469</u>
Net Position as restated, July 1, 2014	<u>\$178,872</u>

End of Notes to Financial Statements

BUDGETARY COMPARISON SCHEDULES

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,019,167	\$	\$ 1,019,167	\$ 1,019,220	\$ 53
Tuition from Individuals	3,200		3,200	6,240	3,040
Transportation Fees from Other LEAs	35,800		35,800	35,800	
Unrestricted Miscellaneous Revenues	23,000		23,000	24,098	1,098
Total - Local Sources	1,081,167		1,081,167	1,085,358	4,191
State Sources:					
Categorical Special Education Aid	68,555		68,555	68,555	
Equalization Aid	566,187		566,187	566,187	
Categorical Security Aid	16,100		16,100	16,100	
Adjustment Aid	121,527		121,527	121,527	
Additional Adjustment Aid	5,359		5,359	5,359	
Categorical Transportation Aid	52,220		52,220	52,220	
PARCC Readiness Aid	1,150		1,150	1,150	
Per Pupil Growth Aid	1,150		1,150	1,150	
Additional Nonpublic School Transportation Aid				1,566	1,566
On-Behalf TPAF Pension Contrib (Non-budgeted)				42,636	42,636
On-behalf Post-Retirement Medical Contribution				67,684	67,684
Reimbursed TPAF Social Security Contributions (Non-budgeted)				30,767	30,767
Total - State Sources	832,248		832,248	974,901	142,653
TOTAL REVENUES	1,913,415		1,913,415	2,060,259	146,844
EXPENDITURES:					
Current Expense:					
Salaries of Teachers:					
Kindergarten	9,519	245	9,764	9,739	25
Grades 1-5	324,046	2,047	326,093	326,057	36
Grades 6-8	208,689	3,300	211,989	211,976	13
Regular Programs - Home Instruction:					
Salaries of Teachers	1,000	2,000	3,000	2,600	400
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	24,637	(3,000)	21,637	21,110	527
Other Purchased Services	38,400	16,500	54,900	54,350	550
General Supplies	49,500	(30,224)	19,276	18,940	336
Textbooks	5,000	(2,700)	2,300	2,299	1
Total Regular Programs - Instruction	\$ 660,791	\$ (11,832)	\$ 648,959	\$ 647,071	\$ 1,888

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES:					
Resource Room/Resource Center					
Salaries of Teachers	\$ 50,567	\$ 310	\$ 50,877	\$ 50,867	\$ 10
General Supplies	750	(150)	600	558	42
Textbooks	450	(160)	290		290
Total Resource Room/Resource Center	51,767		51,767	51,425	342
Total Special Education - Instruction	51,767		51,767	51,425	342
Basic Skills/Remedial - Instruction					
Salaries of Teachers	17,075		17,075	16,172	903
General Supplies	500		500		500
Textbooks	100		100		100
Total Basic Skills/Remedial - Instruction	17,675		17,675	16,172	1,503
School Sponsored Co-curricular Activities - Instruction					
Salaries of Teachers	3,000	1,275	4,275	3,400	875
Total School Sponsored Co-curr. Act. - Instr.	3,000	1,275	4,275	3,400	875
School Sponsored Athletics - Athletics					
Salaries of Teachers	3,000		3,000	2,440	560
Other Purchased Services	1,500		1,500	1,040	460
Supplies and Materials	500		500	102	398
Total School Sponsored Athletics - Instruction	5,000		5,000	3,582	1,418
Total Instruction	738,233	(10,557)	727,676	721,650	6,026
Undistributed Expenditures:					
Instruction					
Tuition - CSSD & Regular Day Schools	60,845	(6,000)	54,845	34,831	20,014
Total Instruction	60,845	(6,000)	54,845	34,831	20,014
Attendance and Social Work Services:					
Salaries	10,114		10,114	10,103	11
Total Attendance and Social Work Services	10,114		10,114	10,103	11
Health Services:					
Salaries	45,193	(900)	44,293	44,193	100
Purch Professional/Technical Services	1,600		1,600	1,600	
Other Purchased Services	500	(400)	100	85	15
Supplies and Materials	1,800		1,800	1,477	323
Total Health Services	\$ 49,093	\$ (1,300)	\$ 47,793	\$ 47,355	\$ 438

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Other Support Services-Students-Related Services:					
Purchased Professional/Educational Services	\$ 9,000	\$ 4,501	\$ 13,501	\$ 10,852	\$ 2,649
Total Other Support Serv-Students-Related Services	9,000	4,501	13,501	10,852	2,649
Other Support Services-Students-Extra Services:					
Purchased Professional/Educational Services	2,000	(775)	1,225		1,225
Total Other Support Serv-Students-Extra Services	2,000	(775)	1,225		1,225
Other Support Services - Students-Regular: Salaries Other Prof Staff					
Total Other Support Services - Students - Regular					
Guidance					
Purchased Professional - Educational Services	9,773	348	10,121	10,119	2
Total Undistributed Services Guidance	9,773	348	10,121	10,119	2
Other Support Services-Students-Child Study Teams:					
Salaries of Secretarial and Clerical Assistants	5,057		5,057	5,052	5
Purchased Professional/Educational Services	1,000	1,100	2,100	1,685	415
Total Other Support Serv-Child Study Teams	6,057	1,100	7,157	6,737	420
Improvement of Instruction Services:					
Purchased Prof - Ed Services	29,610	2,400	32,010	32,008	2
Total Improvement of Instruction Services	29,610	2,400	32,010	32,008	2
Educational Media Services/School Library:					
Other Purchased Services	800	(173)	627	627	
Supplies and Materials	1,000	(600)	400		400
Total Educational Media Services/School Library	1,800	(773)	1,027	627	400
Instructional Staff Training Services:					
Purchased Professional/Educational Services	1,000	(375)	625	149	476
Other Purchased Services	500	375	875	860	15
Total Instructional Staff Training Services	\$ 1,500	\$	\$ 1,500	\$ 1,009	\$ 491

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Support Services - General Administration:					
Salaries	\$ 101,803	\$ (1,630)	\$ 100,173	\$ 100,170	\$ 3
Legal Fees	1,000	850	1,850	1,627	223
Audit Fees	12,000	830	12,830	12,830	
Communications/Telephone	3,500	1,411	4,911	4,885	26
BOE Other Purchased Services	1,500	(1,160)	340	238	102
Other Purchased Services	6,250	1,786	8,036	8,030	6
General Supplies	1,000	(600)	400	386	14
BOE Membership Dues and Fees	2,976	(1,376)	1,600	1,556	44
Total Support Services - General Administration	130,029	111	130,140	129,722	418
Support Services - School Administration:					
Salaries of Secretarial/Clerical Assistants	18,542	410	18,952	18,837	115
Other Purchased Services	500	1,000	1,500	809	691
Supplies and Materials	4,600	(1,380)	3,220	1,499	1,721
Total Support Services - School Administration	23,642	30	23,672	21,145	2,527
Central Services:					
Purchased Professional Services	28,600		28,600	28,600	
Purchased Technical Services	3,500		3,500	3,500	
Supplies and Maintenance	600		600	600	
Total Central Services	32,700		32,700	32,700	
Operation and Maintenance of Plant Services:					
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	29,350	5,720	35,070	33,835	1,235
Total Required Maintenance for School Facilities	29,350	5,720	35,070	33,835	1,235
Other Operation and Maintenance of Plant Services:					
Salaries	56,601	3,343	59,944	59,896	48
Purchased Professional/Technical Services	17,900	14,346	32,246	17,668	14,578
Cleaning, Repair and Maintenance Services	14,876	10,808	25,684	23,930	1,754
Other Purchased Property Services	5,000	(850)	4,150	3,610	540
Insurance	14,000	(5,695)	8,305	8,271	34
Miscellaneous Purchased Services	1,000	1,900	2,900	1,161	1,739
General Supplies	5,500	(1,936)	3,564	3,514	50
Energy (Electricity)	23,000	(50)	22,950	19,212	3,738
Energy (Oil)	22,000	(2,000)	20,000	19,928	72
Total Other Operation and Maint. of Plant Services	159,877	19,866	179,743	157,190	22,553
Total Operation and Maintenance of Plant Services	\$ 189,227	\$ 25,586	\$ 214,813	\$ 191,025	\$ 23,788

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Student Transportation Services:	\$	\$	\$	\$	\$
Sal. For Pupil Trans (Bet Home & School) - Reg	51,503	6,430	57,933	57,917	16
Sal. Pupil Transport. (Bet Home & School) Spec. Ed.	21,150	(2,689)	18,461	14,864	3,597
Sal. Pupil Transport. (Other than Bet Home & School	8,000	(4,222)	3,778	2,217	1,561
Management Fee - ESC & CTSA Trans. Program	1,800	(1,800)			
Other Purchased Professional/Technical Services	3,900		3,900	3,900	
Cleaning, Repair and Maintenance Services	12,000	5,037	17,037	14,056	2,981
Contracted Services (Betw Home & Sch) - Joint Agree		2,477	2,477	2,477	
Contracted Services - Aid in Lieu of Payments	7,956	1,768	9,724	9,724	
Miscellaneous Purchased Services - Transportation	12,800	550	13,350	13,311	39
Supplies and Materials	37,000	(13,295)	23,705	21,122	2,583
Total Student Transportation Services	156,109	(5,744)	150,365	139,588	10,777
Regular Programs - Instruction - Employee Benefits					
Social Security Contributions	3,696	13,709	17,405	17,288	117
Other Retirement Contributions - PERS	17,911	1,000	18,911	18,408	503
Workmen's Compensation	5,713	11,483	17,196	17,193	3
Health Benefits	225,924	88,398	314,322	305,519	8,803
Other Employee Benefits	5,000	(2,275)	2,725	2,658	67
Total Unallocated Benefits	258,244	112,315	370,559	361,066	9,493
Special Programs - Instruction - Employee Benefits					
Workman's Compensation	642	(642)			
Health Benefits	14,120	(14,120)			
Total Special Programs - Instruction	14,762	(14,762)			
Attendance and Social Work Services - Employee Benefits					
Social Security Contributions	774	(774)			
Workman's Compensation	96	(96)			
Health Benefits	3,598	(3,598)			
Total Attendance and Social Work Services	4,468	(4,468)			
Health Services - Employee Benefits					
Workman's Compensation	477	(477)			
Health Benefits	30,185	(30,185)			
Total Health Services	\$ 30,662	\$ (30,662)	\$	\$	

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Other Supp Serv-Child Study Teams-Employee Benefits					
Social Security Contributions	\$ 387	\$ (387)		\$	\$
Workman's Compensation	48	(48)			
Health Benefits	1,799	(1,799)			
Total Other Supp Serv - Child Study Team	2,234	(2,234)			
Support Serv - Gen Administration - Employee Benefits					
Social Security Contributions	383	(383)			
Workman's Compensation	1,321	(1,321)			
Health Benefits	18,614	(18,614)			
Total Support Services - General Administration	20,318	(20,318)			
Support Serv - School Administration - Employee Benefits					
Social Security Contributions	1,419	(1,419)			
Workman's Compensation	176	(176)			
Health Benefits	6,596	(6,596)			
Total Support Services - School Administration	8,191	(8,191)			
Operation and Maintenance of Plant Serv - Employee Benefits					
Social Security Contributions	4,139	(4,139)			
Workman's Compensation	3,154	(3,154)			
Health Benefits	30,185	(30,185)			
Total Operation and Maintenance of Plant Serv	37,478	(37,478)			
Student Transportation Services - Employee Benefits					
Social Security Contributions	5,367	(5,367)			
Workman's Compensation	4,089	(4,089)			
Total Transportation Services	9,456	(9,456)			
Total Allocated Benefits	385,813	(15,254)	370,559	361,066	9,493
On-Behalf TPAF Post Retirem. Medical Contrib.(Non-budgeted)				67,684	(67,684)
On-Behalf TPAF Pension Contrib (Non-budgeted)				42,636	(42,636)
Reimbursed TPAF Soc. Sec. Contrib. (Non-budgeted)				30,767	(30,767)
Total Undistributed Expenditures	1,097,312	4,230	1,101,542	1,169,974	(68,432)
TOTAL EXPENDITURES - CURRENT EXPENSE	\$ 1,835,545	\$ (6,327)	\$ 1,829,218	\$ 1,891,624	\$ (62,406)

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
CAPITAL OUTLAY:					
Undistributed Expenditures:					
Equipment					
School Buses - Regular - Lease Principal	23,131		23,131	22,228	903
Total Undistributed Expenditures	23,131		23,131	22,228	903
Facilities Acquisition and Construction Services:					
Architectural / Engineering Services	15,000		15,000	13,576	1,424
Construction Services	125,000	17,164	142,164	142,164	
Assessment for Debt Service on SDA Funding	739		739	739	
Total Facilities Acquisition and Construction Services	140,739	17,164	157,903	156,479	1,424
Total Assets Acquired Under Capital Leases (non-budgeted)					
TOTAL CAPITAL OUTLAY	163,870	17,164	181,034	178,707	2,327
TOTAL EXPENDITURES	1,999,415	10,837	2,010,252	2,070,331	(60,079)
Excess (Deficiency) of Revenues and Other Over (Under) Expenditures	(86,000)	(10,837)	(96,837)	(10,072)	86,765
Other Financing Sources (Uses):					
Transfer to Food Service	(9,000)		(9,000)	(1,000)	8,000
Total Other Financing Sources	(9,000)		(9,000)	(1,000)	8,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(95,000)	(10,837)	(105,837)	(11,072)	94,765
Fund Balances, July 1	442,673		442,673	442,673	
Fund Balances, June 30	\$ 347,673	\$ (10,837)	\$ 336,836	\$ 431,601	\$ 94,765
RECAPITULATION :					
Restricted Fund Balance:					
Capital Reserve				\$ 73,608	
Excess Surplus				42,047	
Assigned Fund Balance:					
Year - End Encumbrances				17,152	
Excess Surplus - Designated for Subsequent Year's Expenditures				46,383	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				845	
Unassigned Fund Balance				251,566	
				431,601	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(78,237)	
Fund Balance per Governmental Funds (GAAP)				\$ 353,364	

STOW CREEK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:					
Federal Sources	\$ 119,475	\$ 17,109	\$ 136,584	\$ 125,653	\$ (10,931)
State Sources	32,879	5,999	38,878	21,647	(17,231)
Total Revenues	<u>152,354</u>	<u>23,108</u>	<u>175,462</u>	<u>147,300</u>	<u>(28,162)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	17,650		17,650	17,649	(1)
Other Salaries	1,500		1,500	1,500	
Purchased Professional and Technical Services	31,118	1,087	32,205	15,849	(16,356)
General Supplies	50,340	(1,826)	48,514	44,867	(3,647)
Textbooks		1,826	1,826	1,826	
Other Purchased Services	12,689	11,654	24,343	24,343	
Total Instruction	<u>113,297</u>	<u>12,741</u>	<u>126,038</u>	<u>106,034</u>	<u>(20,004)</u>
Support Services					
Salaries of Teachers					
Employee Benefits	141	5,966	6,107	3,954	(2,153)
Purchased Professional Educational Services	36,728	2,201	38,929	34,540	(4,389)
Other Purchased Services	2,188	2,200	4,388	4,388	(4,388)
Total Support Services	<u>39,057</u>	<u>10,367</u>	<u>49,424</u>	<u>38,494</u>	<u>(10,930)</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment				2,772	2,772
Total Facilities Acquisition and Constr. Serv.				<u>2,772</u>	<u>2,772</u>
Total Expenditures	<u>152,354</u>	<u>23,108</u>	<u>175,462</u>	<u>147,300</u>	<u>(28,162)</u>
Other Financing Sources (Uses)					
Total Outflows	<u>152,354</u>	<u>23,108</u>	<u>175,462</u>	<u>147,300</u>	<u>(28,162)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

STOW CREEK TOWNSHIP SCHOOL DISTRICT
BUDGET-TO-GAAP RECONCILIATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**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	[C-1] \$	2,060,259	[C-2] \$		147,300
Difference - budget to GAAP:					
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.					
State aid payment recognized for Gaap statements in the current year, previously recognized for budgetary purposes.		73,045			599
State aid payment recognized for budgetary purposes, not recognized for GAAP statements		(78,237)			
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$	2,055,067	[B-2] \$		147,899
Uses/outflows of resources					
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$	2,070,331	[C-2] \$		147,300
Differences - budget to GAAP					
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.					
					599
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$	2,070,331	[B-2] \$		147,899

REQUIRED SUPPLEMENTARY INFORMATION – PART III

SCHEDULE L-1

STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEE'S RETIREMENT SYSTEM

	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.002094%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 392,153
District's Covered-Employee Payroll	\$ 120,042
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	327%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

SCHEDULE L-2

STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEE'S RETIREMENT SYSTEM

	<u>2014</u>
Contractually Required Contribution	\$ 17,267
Contributions in Relation to the Contractually Required Contribution	<u>(17,267)</u>
Contribution Deficiency (Excess)	\$ <u>-</u>
 District's Covered-Employee Payroll	 \$ 120,042
Contributions as a Percentage of Covered-Employee Payroll	 14.38%

SCHEDULE L-3

STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHER'S PENSION PLAN

	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.007244%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 280
District's Covered-Employee Payroll	\$ 838,960
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its covered-employee Payroll	0.03343%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III
Pension Schedules
For the Fiscal Year Ended June 30, 2015

Teachers' Pension and Annuity Fund (TPAF)

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

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

Public Employees' Retirement System (PERS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

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

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

	<u>NCLB</u> <u>Title I</u> <u>2014-15</u>	<u>Sub-Total</u> <u>Per</u> <u>E-1(2)</u>	<u>Sub-Total</u> <u>Per</u> <u>E-1(3)</u>	<u>Totals</u>	
				<u>2015</u>	<u>2014</u>
REVENUES:					
Federal Sources	\$ 23,103	\$ 102,550	\$	\$ 125,653	\$ 76,216
State Sources		1,654	19,993	21,647	20,241
Total Revenues	23,103	104,204	19,993	147,300	96,457
EXPENDITURES:					
Instruction:					
Salaries of Teachers	17,649			17,649	15,175
Other Salaries	1,500			1,500	1,260
Purchased Professional and Technical Services		1,654	14,195	15,849	14,631
General Supplies		40,895	3,972	44,867	10,168
Textbooks			1,826	1,826	6,494
Other Purchased Serv.		24,343		24,343	9,963
Total Instruction	19,149	66,892	19,993	106,034	57,691
Support Services:					
Employee Benefits	3,954			3,954	2,892
Purchased Professional Educational Services		34,540		34,540	35,874
Other Purchased Services					
Total Support Services	3,954	34,540		38,494	38,766
Facilities Acquisition/Construction:					
Instructional Equipment		2,772		2,772	
Total Facilities Acquisition/Construction		2,772		2,772	
Total Expenditures	\$ 23,103	\$ 104,204	\$ 19,993	\$ 147,300	\$ 96,457

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

	<u>IDEA</u>				
	<u>Basic Flow- Through</u>	<u>Preschool Program</u>	<u>REAP</u>	<u>Character Education</u>	<u>Totals 2015</u>
REVENUES:					
Federal Sources	\$ 58,113	\$ 770	\$ 43,667		\$ 102,550
State Sources				1,654	1,654
Total Revenues	<u>58,113</u>	<u>770</u>	<u>43,667</u>	<u>1,654</u>	<u>104,204</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Other Salaries					
Purchased Professional and Technical Services				1,654	1,654
General Supplies			40,895		40,895
Textbooks					
Other Purchased Serv.	24,343				24,343
Total Instruction	<u>24,343</u>		<u>40,895</u>	<u>1,654</u>	<u>66,892</u>
Support Services:					
Employee Benefits					
Purchased Professional Educational Services	33,770	770			34,540
Other Purchased Services					
Total Support Services	<u>33,770</u>	<u>770</u>			<u>34,540</u>
Facilities Acquisition/Construction:					
Instructional Equipment			2,772		2,772
Total Facilities Acquisition/Construction			<u>2,772</u>		<u>2,772</u>
Total Expenditures	<u>\$ 58,113</u>	<u>\$ 770</u>	<u>\$ 43,667</u>	<u>\$ 1,654</u>	<u>\$ 104,204</u>

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

	<u>N.J.</u> <u>Nonpublic</u> <u>Nursing</u>	<u>N.J.</u> <u>Nonpublic</u> <u>Textbook</u> <u>Aid</u>	<u>N.J.</u> <u>Nonpublic</u> <u>Technology</u> <u>Aid</u>	<u>Totals</u> <u>2015</u>
REVENUES:				
Federal Sources	\$	\$	\$	\$
State Sources	10,623	5,798	3,572	19,993
Total Revenues	<u>10,623</u>	<u>5,798</u>	<u>3,572</u>	<u>19,993</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
Other Salaries				
Purchased Professional and Technical Services	10,623		3,572	14,195
General Supplies		3,972		3,972
Textbooks		1,826		1,826
Other Purchased Services				
Total Instruction	<u>10,623</u>	<u>5,798</u>	<u>3,572</u>	<u>19,993</u>
Support Services:				
Employee Benefits				
Purchased Educational Services				
Other Purchased Services				
Total Support Services				
Facilities Acquisition/Construction:				
Instructional Equipment				
Total Facilities Acquisition/Construction				
Total Expenditures	<u>\$ 10,623</u>	<u>\$ 5,798</u>	<u>\$ 3,572</u>	<u>\$ 19,993</u>

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services for the schools within the school district.

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5
AND B-6.**

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMBINED SCHEDULE OF NET POSITION
AS OF JUNE 30, 2015 AND 2014**

	<u>Food Service Fund</u>	<u>After School Childcare</u>	<u>Total</u>	
			<u>2015</u>	<u>2014</u>
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 10,537	\$ (40)	\$ 10,497	\$ 8,603
Accounts Receivable:				
State	46		46	114
Federal	1,326		1,326	2,952
Interfund Receivable	27		27	4,983
Other	2,120	1,624	3,744	3,036
Inventories	3,200		3,200	1,653
Total Current Assets	<u>17,256</u>	<u>1,584</u>	<u>18,840</u>	<u>21,341</u>
Fixed Assets:				
Equipment	35,147		35,147	35,147
Accumulated Depreciation	(29,827)		(29,827)	(29,320)
Total Fixed Assets	<u>5,320</u>		<u>5,320</u>	<u>5,827</u>
Total Assets	<u>22,576</u>	<u>1,584</u>	<u>24,160</u>	<u>27,168</u>
LIABILITIES:				
Current Liabilities:				
Accounts Payable	10,912	520	11,432	5,671
Unearned Revenue	1,641	26	1,667	678
Total Current Liabilities	<u>12,553</u>	<u>546</u>	<u>13,099</u>	<u>6,349</u>
Total Liabilities	<u>12,553</u>	<u>546</u>	<u>13,099</u>	<u>6,349</u>
NET POSITION:				
Investment in Fixed Assets	5,320		5,320	5,827
Unrestricted	4,703	1,038	5,741	14,992
Total Net Position	<u>\$ 10,023</u>	<u>\$ 1,038</u>	<u>\$ 11,061</u>	<u>\$ 20,819</u>

STOW CREEK TOWNSHIP SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMPARATIVE SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	Food Service Fund	After School Childcare	Total	
			2015	2014
OPERATING REVENUES:				
Local Sources:				
Food Sales Reimbursable Programs	\$ 13,190	\$	\$ 13,190	\$ 15,496
Food Sales Non-Reimbursable Programs	29,851		29,851	28,720
After School Childcare Fees		11,751	11,751	10,138
Donation from PTO		700	700	
Total Operating Revenue	43,041	12,451	55,492	54,354
OPERATING EXPENSES:				
Salaries	25,195	11,079	36,274	38,169
Supplies and Materials	9,013	334	9,347	8,813
Cost of Sales	29,721		29,721	27,836
Management Fee	12,500		12,500	12,500
Miscellaneous	3,237		3,237	2,077
Depreciation	507		507	465
Total Operating Expenses	80,173	11,413	91,586	89,860
Operating Income/(Loss)	(37,132)	1,038	(36,094)	(35,506)
NON-OPERATING REVENUES:				
State Sources:				
State School Lunch Program	446		446	489
Federal Sources:				
National School Lunch Program	14,473		14,473	13,778
School Breakfast Program	3,090		3,090	1,552
Food Distribution Program	7,268		7,268	4,127
Interest	59		59	78
Total Non-Operating Revenues	25,336		25,336	20,024
Change in Net Assets Before Operating Transfers				
In/(out)	(11,796)	1,038	(10,758)	(15,482)
Operating Transfer In - General Fund	1,000		1,000	3,058
Net (Loss)/Income	(10,796)	1,038	(9,758)	(12,424)
Net Position - July 1	20,819		20,819	33,243
Net Position - June 30	\$ 10,023	\$ 1,038	\$ 11,061	\$ 20,819

STOW CREEK TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2015

	<u>Food Service Fund</u>	<u>After School Childcare</u>	<u>Total</u>	
			<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 43,041	\$ 12,451	\$ 55,492	\$ 54,354
Payments to Employees	(25,195)	(11,079)	(36,274)	(38,169)
Payments to Suppliers	(42,221)		(42,221)	(40,336)
Payments to Others	(27)	(1,412)	(1,439)	(5,149)
Net Cash Provided by (Used for) Operating Activities	<u>(24,402)</u>	<u>(40)</u>	<u>(24,442)</u>	<u>(29,300)</u>
Cash Flows from Non-capital Financing Activities				
State Sources	446		446	489
Federal Sources	24,831		24,831	19,457
Interfund Transfer	1,000		1,000	3,058
Net Cash Provided by (Used for) Non-capital Financing Activities	<u>26,277</u>		<u>26,277</u>	<u>23,004</u>
Cash Flows from Capital Financing Activities				
Purchase of Fixed Assets				
Net Cash Provided by (Used for) Capital Financing				
Cash Flows from Investing Activities				
Interest and Dividends	59		59	78
Net Cash Provided by (Used for) Investing Activities	<u>59</u>		<u>59</u>	<u>78</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	1,934	(40)	1,894	(6,218)
Balances - Beginning of Year	<u>8,603</u>		<u>8,603</u>	<u>14,821</u>
Balances - End of Year	<u>\$ 10,537</u>	<u>\$ (40)</u>	<u>\$ 10,497</u>	<u>\$ 8,603</u>
Operating Income/(Loss)	\$ (37,132)	\$ 1,038	\$ (36,094)	\$ (35,506)
Adjustments to Reconcile Operating Income/(Loss) to Cash Used by Operating Activities:				
Depreciation	507		507	465
Change in Assets and Liabilities:				
Decrease/(Increase) in Accounts Receivable	1,694		1,694	(2,129)
Decrease/(Increase) in Interfund Receivable	3,908		3,908	(1,985)
Decrease/(Increase) in Other Program Fees Receivable	(216)	(1,624)	(1,840)	7,099
Decrease/(Increase) in Inventory	(1,547)		(1,547)	34
Increase/(Decrease) in Accounts Payable	7,366	520	7,886	2,297
Increase/(Decrease) in Unearned Revenue	1,018	26	1,044	425
Total Adjustments	<u>12,730</u>	<u>(1,078)</u>	<u>11,652</u>	<u>6,206</u>
Net Cash Used by Operating Activities	<u>\$ (24,402)</u>	<u>\$ (40)</u>	<u>\$ (24,442)</u>	<u>\$ (29,300)</u>

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments an/or other funds.

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school district.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

	<u>Trust Funds</u>		<u>Agency Funds</u>		<u>Total</u>	
	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	<u>2015</u>	<u>2014</u>	
ASSETS:						
Cash and Cash Equivalents	\$ 24,542	\$ 25,763	\$ 25,860	\$ 76,165	\$ 63,132	
Due from General Fund		1,000		1,000	1,000	
Due from Payroll Agency Account	4,552			4,552	2,527	
Accounts Receivable		638		638		
Total Assets	\$ 29,094	\$ 27,401	\$ 25,860	\$ 82,355	\$ 66,659	
LIABILITIES AND NET POSITION:						
Liabilities:						
Due to Student Groups	\$	\$ 27,401	\$	\$ 27,401	\$ 18,352	
Accounts Payable						
Payroll Deductions and Withholdings			2,448	2,448	1,876	
Interfunds Accounts Payable						
Unemployment Trust			4,552	4,552	2,527	
General Fund			18,860	18,860	16,932	
Total Liabilities		\$ 27,401	\$ 25,860	53,261	39,687	
NET POSITION:						
Held in Trust for Unemployment Claims and Other Purposes	\$ 29,094			\$ 29,094	\$ 26,972	

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Plan Members	\$ 7,420
Total Contributions	<u>7,420</u>
Investments and Earnings:	
Interest	97
Total Additions	<u>7,517</u>
DEDUCTIONS:	
Unemployment Claims	<u>5,395</u>
Total Deductions	<u>5,395</u>
Change in Net Position	2,122
Net Position - July 1	<u>26,972</u>
Net Position - June 30	<u>\$ 29,094</u>

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

STOW CREEK TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1,</u> <u>2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u>	<u>Balance</u> <u>June 30,</u> <u>2015</u>
ELEMENTARY SCHOOL	\$ 18,352	\$ 33,403	\$ 24,354	\$	\$ 27,401
Principal's Fund					\$ 2,793
Music Fund					3,081
Class of 2018					592
Class of 2017					884
Class of 2016					1,327
Class of 2015					5,127
Class of 2014					1,000
Sport					29
Safety Patrol					851
Yearbook					8,385
Student Council					3,332
Total					\$ 27,401

STOW CREEK TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
ASSETS:				
Cash and Cash Equivalents	\$ 21,335	\$ 669,399	\$ 664,874	\$ 25,860
	<u>\$ 21,335</u>	<u>\$ 669,399</u>	<u>\$ 664,874</u>	<u>\$ 25,860</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 1,876	\$ 665,446	\$ 664,874	\$ 2,448
Interfund Payable				
Due to Unemployment Trust	2,527	2,025		4,552
Due General Fund	16,932	1,928		18,860
	<u>\$ 21,335</u>	<u>\$ 669,399</u>	<u>\$ 664,874</u>	<u>\$ 25,860</u>
Total Liabilities	<u>\$ 21,335</u>	<u>\$ 669,399</u>	<u>\$ 664,874</u>	<u>\$ 25,860</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
LONG TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance June 30, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2015</u>
2013-14 School Bus	\$ 88,613	2.248%	\$ 88,613	\$	\$ 22,228	\$ 66,385
			<u>\$ 88,613</u>	<u>\$</u>	<u>\$ 22,228</u>	<u>\$ 66,385</u>

STATISTICAL SECTION

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(UNAUDITED)

	Fiscal Year Ending,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 80,830	\$ 85,166	\$ 144,484	\$ 150,824	\$ 302,540	\$ 336,802	\$ 185,061	\$ 258,635	\$ 232,210	\$ 374,058
Restricted	158,538	121,810	80,709	191,860	60,638	169,241	112,204	130,784	191,828	180,035
Unrestricted	48,293	125,110	209,719	113,740	130,399	29,293	116,671	171,636	131,736	(254,332)
Total Governmental Activities Net Position	\$ 287,661	\$ 332,086	\$ 434,912	\$ 456,424	\$ 493,577	\$ 535,336	\$ 413,936	\$ 561,055	\$ 555,774	\$ 299,761
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 3,007	\$ 2,194	\$ 1,380	\$ 6,877	\$ 11,791	\$ 10,555	\$ 10,570	\$ 6,292	\$ 5,827	\$ 5,320
Unrestricted	18,944	24,267	14,358	17,558	23,407	43,594	34,624	26,951	14,992	5,741
Total Business-Type Activities Net Position	\$ 21,951	\$ 26,461	\$ 15,738	\$ 24,435	\$ 35,198	\$ 54,149	\$ 45,194	\$ 33,243	\$ 20,819	\$ 11,061
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 83,837	\$ 87,360	\$ 145,864	\$ 157,701	\$ 314,331	\$ 347,357	\$ 195,631	\$ 264,927	\$ 238,037	\$ 379,378
Restricted	158,538	121,810	80,709	191,860	60,638	169,241	112,204	130,784	191,828	180,035
Unrestricted	67,237	149,377	224,077	131,298	153,806	72,887	151,295	198,587	146,728	(248,591)
Total District-Wide Net Position	\$ 309,612	\$ 358,547	\$ 450,650	\$ 480,859	\$ 528,775	\$ 589,485	\$ 459,130	\$ 594,298	\$ 576,593	\$ 310,822

Source: CAFR Schedule A-1

STOW CREEK TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(UNAUDITED)

	Fiscal Year Ending,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 500,279	614,645	693,576	700,303	685,746	544,178	650,999	690,312	675,387	760,729
Special Education	102,397	106,534	93,821	98,432	46,173	45,708	46,051	48,241	49,904	51,425
Other			40,410	52,256	33,314	106,330	68,979	24,156	21,561	23,154
Support Services										
Tuition	140,324	141,014	50,199	52,635	155,839	119,491	86,775	105,008	135,939	34,831
Student and Instruction Related Services	169,051	136,256	126,371	123,791	155,446	145,602	138,026	143,281	151,793	153,350
General Administrative Services	120,558	115,867	119,487	119,369	103,971	120,182	121,536	127,700	127,614	129,742
School Administrative Services	16,726	15,889	26,261	24,091	22,458	24,544	21,520	24,683	21,196	21,145
Central Services	34,911	35,681	37,382	35,603	32,838	28,267	26,671	30,388	31,864	32,700
Plant Operations and Maintenance	143,272	139,736	146,439	196,026	173,289	172,945	160,286	162,888	224,106	191,315
Pupil Transportation	86,196	110,248	114,194	106,019	112,227	144,566	167,708	175,279	182,231	171,145
Other Support Services	420,668	481,753	499,114	401,786	439,145	377,227	468,029	484,309	473,902	676,487
Unallocated depreciation	10,402	10,019	17,723	32,939	38,567	46,037	5,016			
Interest on Debt										739
Total Governmental Activities Expenses	1,744,784	1,907,642	1,964,977	1,943,250	1,999,013	1,875,077	1,961,596	2,016,245	2,095,497	2,246,762
Business-Type Activities										
Food Service	76,047	80,596	74,689	94,910	92,516	79,837	84,521	72,652	73,563	80,173
Child Care	14,150	12,083	13,574	13,798	16,831	14,678	15,540	16,226	16,297	11,413
Total Business-Type Activities Expense	90,197	92,679	88,263	108,708	109,347	94,515	100,061	88,878	89,860	91,586
Total District Expenses	1,834,981	2,000,321	2,053,240	2,051,958	2,108,360	1,969,592	2,061,657	2,105,123	2,185,357	2,338,348
Program Revenues										
Governmental Activities										
Operating Grants and Contributions	247,801	327,316	377,118	240,618	214,446	200,495	273,172	259,302	235,658	451,899
Total Governmental Activities Program Revenues	247,801	327,316	377,118	240,618	214,446	200,495	273,172	259,302	235,658	451,899
Business-Type Activities										
Charges for Services										
Food Service	43,335	44,613	30,145	45,470	50,432	51,500	47,285	40,949	44,216	43,041
Child Care	11,254	15,110	13,732	10,213	17,236	15,367	14,038	8,848	10,138	12,451
Operating Grants and Contributions	24,502	21,885	22,663	28,655	29,187	29,961	21,520	21,485	19,946	25,277
Total Business-Type Activities Program Revenues	79,091	81,608	66,540	84,338	96,855	96,828	82,843	71,282	74,300	80,769
Total District Program Revenues	326,892	408,924	443,658	324,956	311,301	297,323	356,015	330,584	309,958	532,668
Net (Expense)/Revenue										
Governmental Activities	(1,496,983)	(1,580,326)	(1,587,859)	(1,702,632)	(1,784,567)	(1,674,582)	(1,688,424)	(1,756,943)	(1,859,839)	(1,794,863)
Business-Type Activities	(11,106)	(11,071)	(21,723)	(24,370)	(12,492)	2,313	(17,218)	(17,596)	(15,560)	(10,817)
Total District-Wide Net Expense	(1,508,089)	(1,591,397)	(1,609,582)	(1,727,002)	(1,797,059)	(1,672,269)	(1,705,642)	(1,774,539)	(1,875,399)	(1,805,680)
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Property Taxes Levied for General Purposes, Net	681,791	772,579	803,479	835,492	858,692	880,526	880,526	892,135	956,810	1,019,220
Unrestricted Grants and Contributions	810,355	815,246	849,369	848,581	973,255	798,174	863,689	825,109	830,696	831,394
Restricted Grants, Tuition and Contributions	4,095									
Tuition Received	29,332	15,200	12,440	11,440	4,465	7,545	2,880	1,600	3,200	6,240
Transportation Fees Received	17,307	1,890	4,500	882	6,408	31,500	32,130	33,750	34,425	35,800
Investment Earnings	1,571	15,811	9,206	1,258						
Miscellaneous Income	11,838	4,669	27,499	19,460	2,155	3,649	10,151	36,053	32,485	24,098
Donated Capital Assets	16,998	14,355								
Prior Year Adjustment			(4,808)	33,621			(215,693)			
Transfers	(7,000)	(15,000)	(11,000)	(26,590)	(23,255)	(5,053)	(6,659)	(9,000)	(3,058)	(1,000)
Total Governmental Activities	1,566,287	1,624,750	1,690,685	1,724,144	1,821,720	1,716,341	1,567,024	1,779,647	1,854,558	1,915,752
Business-Type Activities										
Investment and Miscellaneous Earnings	848	581		6,477		11,585	1,604	172	78	59
Fixed Asset Adjustment								(3,527)		
Transfers	7,000	15,000	11,000	26,590	23,255	5,053	6,659	9,000	3,058	1,000
Total Business-Type Activities	7,848	15,581	11,000	33,067	23,255	16,638	8,263	5,645	3,136	1,059
Total District-Wide	1,574,135	1,640,331	1,701,685	1,757,211	1,844,975	1,732,979	1,575,287	1,785,292	1,857,694	1,916,811
Change in Net Position										
Governmental Activities										
Governmental Activities	69,304	44,424	102,826	21,512	37,153	41,759	(121,400)	22,704	(5,281)	120,889
Business-Type Activities	(3,258)	4,510	(10,723)	8,697	10,763	18,951	(8,955)	(11,951)	(12,424)	(9,758)
Total District-Wide	\$ 66,046	48,934	92,103	30,209	47,916	60,710	(130,355)	10,753	(17,705)	111,131

Source: CAFR Schedule A-2

STOW CREEK TOWNSHIP SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(UNAUDITED)

	Fiscal Year Ending,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Restricted	\$ 153,055	\$ 117,207	\$ 99,018	\$ 99,904	\$ 12,216	\$ 112,084	\$ 62,732	\$ 114,318	\$	
Capital Reserve Account									73,608	119,991
Excess Surplus									46,383	42,047
Assigned:										
Year-end Encumbrances									10,837	17,152
Subsequent Year's Expenditures									61,000	845
Unassigned	62,293	135,610	225,518	229,480	144,704	54,516	139,261	162,140	177,800	173,329
Total General Fund	<u>\$ 215,348</u>	<u>\$ 252,817</u>	<u>\$ 324,536</u>	<u>\$ 329,384</u>	<u>\$ 156,920</u>	<u>\$ 166,600</u>	<u>\$ 201,993</u>	<u>\$ 276,458</u>	<u>\$ 369,628</u>	<u>\$ 353,364</u>
All Other Governmental Funds										
Restricted	\$ 5,688	\$ 4,808	\$	\$	\$ 63,771	\$ 63,771	\$ 63,771	\$ 63,771	\$	
Unrestricted, Reported in:										
Special Revenue Fund	(205)	(205)	(980)							
Total All Other Governmental Funds	<u>\$ 5,483</u>	<u>\$ 4,603</u>	<u>\$ (980)</u>	<u>\$ -</u>	<u>\$ 63,771</u>	<u>\$ 63,771</u>	<u>\$ 63,771</u>	<u>\$ 63,771</u>	<u>\$</u>	<u>\$</u>

Source: CAFR Schedule B-1

STOW CREEK TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
 (UNAUDITED)

	Fiscal Year Ending,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax Levy	\$ 681,791	\$ 772,579	\$ 803,479	\$ 835,492	\$ 858,692	\$ 880,526	\$ 880,526	\$ 892,135	\$ 956,810	\$ 1,019,220
Tuition Charges	29,332	15,200	12,440	11,440	4,465	7,545	2,880	1,600	3,200	6,240
Transportation Charges			4,500	882	6,408	31,500	32,130	33,750	34,425	35,800
Interest Earnings	17,307	1,890	9,206	1,258						
Miscellaneous	13,409	20,480	27,499	19,460	2,155	3,649	10,151	36,053	32,485	24,098
Local Sources		1,520	963	729						
State Sources	1,011,083	1,068,380	1,142,875	1,011,171	1,018,738	928,143	982,074	1,003,868	990,138	991,955
Federal Sources	51,169	72,662	82,649	77,299	168,963	70,526	154,787	80,543	76,216	125,653
Total Revenues	1,804,091	1,952,711	2,083,611	1,957,731	2,059,421	1,921,889	2,062,548	2,047,949	2,093,274	2,202,966
Expenditures										
Instruction										
Regular Instruction	500,279	614,665	693,576	700,303	685,746	544,178	636,653	652,809	670,614	753,704
Special Education Instruction	102,397	106,534	93,821	98,432	46,173	45,708	46,051	48,241	49,904	51,425
Other Instruction			40,410	52,256	33,314	106,330	68,979	24,156	21,561	23,154
Support Services										
Tuition	140,324	141,014	50,199	52,635	155,839	119,491	86,775	105,008	135,939	34,831
Student and Instruction Related Services	169,051	136,256	126,371	123,791	155,446	145,602	138,026	143,281	151,793	153,350
General Administration	120,558	115,867	119,487	119,369	103,971	120,182	121,040	126,856	126,861	129,722
School Administrative Services	16,726	15,889	26,261	24,091	22,458	24,544	21,520	24,683	21,196	21,145
Central Services	34,911	35,681	37,382	35,603	32,838	28,267	26,671	30,388	31,864	32,700
Plant Operations and Maintenance	143,272	139,735	146,439	196,026	173,289	172,945	158,069	161,339	223,909	191,025
Pupil Transportation	86,196	110,248	114,194	106,019	112,227	144,566	150,626	155,315	160,790	139,588
Employee Benefits	420,668	485,253	476,486	411,130	421,027	380,648	461,341	491,669	465,647	506,107
Other										
Capital Outlay	17,735		77,041	5,658	202,531	74,695	104,745	739	89,352	181,479
Total Expenditures	1,752,117	1,901,142	2,001,667	1,925,313	2,144,859	1,907,156	2,020,496	1,964,484	2,149,430	2,218,230
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	51,974	51,569	81,944	32,418	(85,438)	14,733	42,052	83,465	(56,156)	(15,264)
Other Financing Sources (Uses)										
Transfers Out	(17,814)	(7,000)	(11,000)	(26,590)	(23,255)	(5,053)	(6,659)	(9,000)	(3,058)	(1,000)
Proceeds from Capital Lease									88,613	
Prior Year Adjustment			(4,808)							
Total Other Financing Sources (Uses)	(17,814)	(7,000)	(15,808)	(26,590)	(23,255)	(5,053)	(6,659)	(9,000)	85,555	(1,000)
Net Change in Fund Balances	\$ 34,160	\$ 44,569	\$ 66,136	\$ 5,828	\$ (108,693)	\$ 9,680	\$ 35,393	\$ 74,465	\$ 29,399	(16,264)
Debt Service as a Percentage of										
Noncapital Expenditures	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Source: CAFR Schedule B-2

STOW CREEK TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Transport- ation	Prior Year Revenue	Cell Tower Rent	Prior Year Refunds	Misc.	Total
2015	\$ 1,402	\$ 6,240	\$ 35,800	\$	\$ 20,600	\$	\$ 2,096	\$ 66,138
2014	1,783	3,200	34,425		20,000		1,726	61,134
2013		1,600	33,750	32,795			3,258	71,403
2012	2,618	2,880	32,130			4,447	3,086	45,161
2011	945	7,545	31,500				2,704	42,694
2010		4,465	6,408			4,151	(1,996)	13,028
2009	1,258	11,440	882	1,600		17,244	616	33,040
2008	9,206	12,440	4,500	2,700		19,138	5,661	53,645
2007	15,811			1,860			2,809	20,480
2006	8,893			2,026			2,490	13,409

Source: District Records

STOW CREEK TOWNSHIP SCHOOL DISTRICT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^p	Estimated Actual County Equalized Value
2015	\$ 1,389,600	\$ 64,176,800	\$ 32,264,900	\$ 4,412,700	\$ 3,850,100	\$ 106,094,100	\$ 419,884	\$ 106,513,984	\$ 1.603	\$ 150,656,272
2014	1,119,400	47,383,300	26,179,900	3,413,400	2,734,900	80,830,900	215,848	81,046,748	2.023	120,069,256
2013	996,700	47,099,200	26,219,400	3,435,700	2,902,500	80,653,500	281,783	80,935,283	1.969	119,904,123
2012	1,091,300	47,050,600	26,309,400	3,440,200	2,886,000	80,777,500	338,097	81,115,597	1.813	112,224,124
2011	1,230,300	47,044,200	26,049,000	3,471,300	3,137,300	80,932,100	332,500	81,264,600	1.826	119,487,463
2010	755,100	46,201,700	26,181,100	3,512,000	3,174,300	79,824,200	395,286	80,219,486	1.836	116,943,556
2009	784,000	46,218,400	25,864,600	3,490,100	3,177,900	79,535,000	453,399	79,988,399	1.687	113,537,433
2008	1,271,800	45,836,900	25,543,500	3,443,100	3,212,900	79,308,200	537,015	79,845,215	1.570	87,920,303
2007	819,800	45,232,800	25,375,700	3,501,600	3,212,900	78,142,800		78,142,800	1.023	95,076,364
2006	763,500	44,458,100	24,880,500	3,509,700	2,617,300	76,229,100		76,229,100	1.008	86,625,829

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

* Estimate

STOW CREEK TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate Per \$100 of Assessed Value)
(UNAUDITED)

Year Ended June 30,	Stow Creek Township and Regional Boards of Education			Overlapping Rates			
	Basic Rate ^a	General Obligation Debt Service ^b	Total District	Stow Creek Township	Cumberland County	REAP Credit	Total
2015	\$ 1.603	\$ 0.000	\$ 1.603	\$ 0.179	\$ 1.111	\$	\$ 2.893
2014	2.023	0.000	2.023	0.233	1.484		3.740
2013	1.969	0.000	1.969	0.224	1.467		3.660
2012	1.813	0.000	1.813	0.218	1.324		3.355
2011	1.826	0.000	1.826	0.211	1.411		3.448
2010	1.836	0.000	1.836	0.208	1.451		3.495
2009	1.687	0.000	1.687	0.200	1.274		3.161
2008	1.023	0.000	1.570	0.178	1.050	0.710	3.508
2007	1.008	0.000	1.023	0.144	1.195	0.710	3.072
2006	0.894	0.000	1.008	0.144	1.174	0.751	3.077

Source: District Records and Municipal Tax Collector

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the pre-budget year net budget by more than the spending growth limitation calculation

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

<u>Taxpayer</u>	<u>2015</u>		<u>2006</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Taxpayer #1	\$ 774,600	0.85%	\$	
Farm-Rite	650,000	0.67%		
Taxpayer #2	526,100	0.62%		
Taxpayer #3	457,000	0.61%		
Taxpayer #4	423,700	0.60%		
Taxpayer #5	370,300	0.58%		
Taxpayer #6	332,900	0.54%		
Taxpayer #7	321,900	0.49%	Not Available	
Taxpayer #8	317,400	0.48%		
Taxpayer #9	314,500	0.46%		
Total	<u>\$ 4,488,400</u>	<u>5.90%</u>	<u>\$ -</u>	<u>-</u>

Source: District CAFR & Municipal Tax Assessor

STOW CREEK TOWNSHIP SCHOOL DISTRICT
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 the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2015	\$ 1,019,220	\$ 1,019,220	100%	\$
2014	956,810	956,810	100%	
2013	892,135	892,135	100%	
2012	880,526	880,526	100%	
2011	880,526	880,526	100%	
2010	858,692	858,692	100%	
2009	835,492	835,492	100%	
2008	803,479	803,479	100%	
2007	772,579	772,579	100%	
2006	681,791	681,791	100%	

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, the amount voted upon or certified prior to the end of the school year.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
 (UNAUDITED)

N/A

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^u	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2015	\$	\$	\$	\$	\$		\$	
2014								
2013								
2012								
2011								
2010								
2009								
2008								
2007								
2006								

Note: This statement is not applicable the district does not have any debt in any of the years reported herein.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

N/A

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2015	\$	\$	\$	\$	\$
2014					
2013					
2012					
2011					
2010					
2009					
2008					
2007					
2006					

Note: This statement is not applicable the district does not have any debt in any of the years reported herein.

If a district has resources that are restricted to repaying the principal of debt outstanding, these amounts should be shown in a separate column "Deductions" and be subtracted from the total, and the schedule should be named ratios of net general bonded debt outstanding.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2015
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Stow Creek	\$ -	100%	\$ -
Other debt			
County of Cumberland - Township's share	85,261,470	1.291%	1,100,415
Cumberland Regional School Debt	9,287,000	6.692%	621,514
Subtotal, Overlapping Debt			1,721,930
Stow Creek Township School District Direct Debt			-
Total Direct and Overlapping Debt			\$ 1,721,930

Sources: Stow Creek Township Finance Officer and Salem County Finance Office

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 Stow Creek. This process recognizes 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.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

Legal Debt Margin Calculation for Fiscal Year 2014

	Equalized Valuation Basis	
	2014	\$ 105,152,725
	2013	114,094,639
	2012	119,670,370
	[A]	\$ 338,917,734
Average Equalized Valuation of Taxable Property	[A/3]	\$ 112,972,578
Debt Limit (3% of Average Equalization Value)	[B]	3,389,177 ^a
Net Bonded School Debt	[C]	-
Legal Debt Margin	[B-C]	\$ 3,389,177

Fiscal Year Ending,

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 2,301,098	\$ 2,536,175	\$ 2,616,690	\$ 3,019,972	\$ 3,358,802	\$ 3,671,806	\$ 3,540,195	\$ 2,316,406	\$ 3,457,353	\$ 3,389,177
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ <u>2,301,098</u>	\$ <u>2,536,175</u>	\$ <u>2,616,690</u>	\$ <u>3,019,972</u>	\$ <u>3,358,802</u>	\$ <u>3,671,806</u>	\$ <u>3,540,195</u>	\$ <u>2,316,406</u>	\$ <u>3,457,353</u>	\$ <u>3,389,177</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	-	-	-	-	-	-	-	-	-	-

Source: Abstract of Ratables and District Records CAFR Schedule J-7

^a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for

STOW CREEK TOWNSHIP SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Population ⁽¹⁾</u>	<u>Personal Income (thousands of dollars) (2)</u>	<u>Per Capita Personal Income ⁽³⁾</u>	<u>Unemployment Rate ⁽⁴⁾</u>
2015 *	1,428	\$ 53,776,383	\$ 37,659	7.20%
2014	1,430	53,318,515	37,286	7.40%
2013	1,432	52,864,442	36,917	10.20%
2012	1,433	52,377,583	36,551	9.90%
2011	1,438	51,135,280	35,560	7.30%
2010	1,434	49,600,626	34,589	9.40%
2009	1,534	51,280,086	33,429	7.80%
2008	1,526	49,953,610	32,735	4.40%
2007	1,529	47,642,111	31,159	3.60%
2006	1,527	45,770,298	29,974	4.00%

* Estimate

Source:

- 1 Population information provided by the NJ Dept of Labor and Workforce Development
- 2 Personal income
- 3 Per Capita
- 4 Unemployment data provided by the NJ Dept of Labor and Workforce Development

STOW CREEK TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

<u>Employer</u>	<u>2015</u>			<u>2006</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Farm Rite	20	1	N/A	N/A	N/A
Les Fogg Tractors	16	2	N/A	N/A	N/A
Mayhews Greenhouses	* 12	3	N/A	N/A	N/A
Wide Skye Farms	* 12	4	N/A	N/A	N/A
Maelvin R. Dickonson Farms	* 10	5	N/A	N/A	N/A
Cruzans Freightliner	* 10	6	N/A	N/A	N/A
	N/A	7	N/A	N/A	N/A
	N/A	8	N/A	N/A	N/A
	N/A	9	N/A	N/A	N/A
	N/A	10	N/A	N/A	N/A
	<u>80</u>		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

* Number of employees will vary seasonally.

**2006 Not Available at Time of Audit

Source: Direct Observation of School District Individual Employers

N/A Information not available

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)**

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Instruction										
Regular	10.0	10.0	10.5	10.0	10.0	9.7	9.7	9.7	9.7	9.7
Special education	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0
Other special Education										
Vocational										
Other Instruction	1.4	2.6	2.6	2.6	1.0	1.0	1.0	1.0	1.0	1.0
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student & Instruction Related Services	1.0	1.3	1.3	1.3	1.0	1.0	1.0	1.0	1.0	1.0
General Administrative Services										
School Administrative Services	2.5	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Other Administrative Services										
Central Services										
Administrative Information Technology										
Plant Operations and Maintenance	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Pupil Transportation	1.3	1.5	1.5	1.5	2.0	2.5	2.5	2.5	2.5	2.5
Other Support Services										
Contracted Service - Speech		1.0	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Special Schools										
Food Service - Contracted										
Totals	19.7	22.0	21.8	21.3	18.9	19.1	19.1	19.1	19.1	19.1

Source: District Personnel Records

STOW CREEK TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2006	143	\$ 1,901,123	13,295	4.25%	14.0	15.8 to 1	141.8	135.0	4.26%	95.20%
2004	141	1,901,123	13,483	1.42%	13.5	15.8 to 1	142.6	135.5	0.56%	95.02%
2008	138	1,924,626	13,947	3.44%	14.1	15.2 to 1	137.3	95.7	-3.72%	69.70%
2009	137	1,919,655	14,012	0.47%	14.6	15.2 to 1	136.6	131.0	-0.51%	95.90%
2010	134	1,942,328	14,495	3.45%	12.0	14.9 to 1	134.0	127.0	-1.90%	94.78%
2011	133	1,832,461	13,778	-4.95%	11.7	14.7 to 1	133.0	126.0	-0.75%	94.74%
2012	117	1,915,751	16,374	18.84%	11.7	13.0 to 1	117.0	112.0	-12.03%	95.73%
2013	117	1,963,745	16,784	2.51%	11.7	13.0 to 1	117.2	112.8	0.17%	96.25%
2014	116	2,060,078	17,759	5.81%	11.7	12.0 to 1	115.9	111.5	-1.11%	96.20%
2015	112	2,036,751	18,185	2.40%	11.7	12.4 to 1	111.8	107.5	-3.54%	96.15%

Sources: District records, ASSA

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- 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).

STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>District Building</u>										
<u>Elementary</u>										
Stow Creek Township School (19..)										
Square Feet	20,461	20,461	20,461	20,461	20,461	20,461	20,461	20,461	20,461	20,461
Capacity (Students)	191	191	191	191	191	191	191	191	191	191
Enrollment	143	141	138	137	134	133	117	117	116	112

Number of Schools at June 30, 2015
Elementary = 1

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of any additions. Enrollment is based on the annual October district count.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(UNAUDITED)

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

<u>School Facilities</u>	<u>Project #</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Stow Creek Township School		\$ 33,835	\$ 50,917	\$ 8,525	\$ 9,425	\$ 18,698	\$ 16,094	\$ 17,419	\$ 17,419	\$ 24,745	\$ 35,289
Total School Facilities		<u>33,835</u>	<u>50,917</u>	<u>8,525</u>	<u>9,425</u>	<u>18,698</u>	<u>16,094</u>	<u>17,419</u>	<u>17,419</u>	<u>24,745</u>	<u>35,289</u>
Other Facilities											
Grand Total		<u>\$ 33,835</u>	<u>\$ 50,917</u>	<u>\$ 8,525</u>	<u>\$ 9,425</u>	<u>\$ 18,698</u>	<u>\$ 16,094</u>	<u>\$ 17,419</u>	<u>\$ 17,419</u>	<u>\$ 24,745</u>	<u>\$ 35,289</u>

STOW CREEK TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
 (UNAUDITED)

Company	Type of Coverage	Coverage	Deductible
New Jersey School Boards Association Insurance Group			
School Package Policy			
	Blanket Real and Personal Property	\$ 3,133,770	\$ 1,000
	Extra Expense	50,000,000	1,000
	Valuable Papers & Records	10,000,000	1,000
	Flood	10,000,000	500,000
	Earthquake	50,000,000	
	Demolition and Increased Cost of Construction	1,000,000	
	Electronic Data Processing	150,000	1,000
	Boiler & Machinery	100,000,000	5,000
	Commercial General Liability:		
	Aggregate	17,000,000	1,000
	Commercial Automobile Liability	16,000,000	1,000
	Professional Liability Errors & Omissions	6,000,000	5,000
	Professional Liability	100,000/300,000	5,000
	Public Employee Dishonesty - Per Loss & Faithful Performance	25,000	500
	Money and Securities	5,000	500
	Loss of Income	10,000	
	Workers Compensation		
	Each Accident	2,000,000	
	Disease per Employee	2,000,000	
	Disease Policy Limit	2,000,000	
Markel Insurance Company			
Student Accident Coverage			
	Accidental Death Principal Sum	10,000	
	Medical Expense	1,000,000	
	Accidental Dismemberment	50,000	
	Accident Medical Expense Benefit	1,000,000	
American International Company - AIG			
Student Accident Coverage			
	Catastrophic Cash Benefit	1,000,000	
C.N.A Surety			
Surety Bonds			
	Treasurer of School Monies	130,000	
	Board Secretary/Business Administrator	2,000	

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
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Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245

November 23, 2015

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Stow Creek Township School District
County of Cumberland, New Jersey 08079

We have audited, in accordance with the auditing standards generally accepted in the United States of America and 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 the 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 Stow Creek Township School District, in the County of Cumberland, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board of Education of the Stow Creek Township School District's basic financial statements and have issued our report thereon dated November 23, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Stow Creek Township Board of Education'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 Stow Creek Township Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Stow Creek Township Board of Education'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.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Stow Creek Township Board of Education'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 and Regulatory Compliance, State of New Jersey.

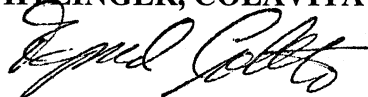
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the Stow Creek Township 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. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

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November 23, 2015

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
SCHEDULE OF EXPENDITURES REQUIRED BY OMB CIRCULAR A-133
AND NEW JERSEY OMB CIRCULAR 04-04 AND 15-08**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Stow Creek Township School District
County of Cumberland, New Jersey 08079

Report on Compliance for Each Major Program

We have audited the Board of Education of the Stow Creek Township School District, in the County of Cumberland, State of New Jersey, compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major state programs for the fiscal year ended June 30, 2015. The Stow Creek Township Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Stow Creek Township Board of Education's major and federal state compliance based on our audit of the types of compliance requirements referred above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB's Circular 04-04 and 15-08, 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 state program occurred. An audit includes examining, on a test basis, evidence about the Stow Creek Township Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Stow Creek Township Board of Education's compliance with those requirements.

Opinion on Each Major Program

In our opinion, the Board of Education of the Stow Creek Township School District, in the County of Cumberland, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Stow Creek Township School District's Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Stow Creek Township Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major 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 New Jersey OMB's 04-04 and 15-08, 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 Stow Creek Township School District's Board of Education's internal control over compliance.

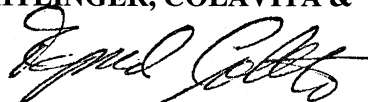
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled *Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* dated November 23, 2015. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB's Circular 04-04 and 15-08.

This report is intended solely for the information and use of the audit committee, management, the Stow Creek Township Board of Education, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,
NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915

**TOWNSHIP OF STOW CREEK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grant Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2014			Balance at June 30, 2015				
						Accounts Receivable	Unearned Revenue	Carry- Over	Cash Received	Budgetary Expenditures	Accounts Receivable	Unearned Revenue	Due to Grantor
U.S. Department of Education													
Passed-through State Department of Education:													
Special Revenue Fund:													
Title I, Part A	84.010A	NCLB 5070-15	\$ 22,247	7/1/14	6/30/15	\$	\$	\$	\$ 19,053	\$ (23,103)	\$ (4,050)	\$	
Title I, Part A	84.010A	NCLB 5070-14	19,833	7/1/13	6/30/14	(3,651)			4,521			870	
I.D.E.A. Part B, Basic Regular	84.027	IDEA507015	58,113	7/1/14	6/30/15				58,113	(58,113)			
I.D.E.A. Part B, Basic Regular	84.027	IDEA507014	43,056	7/1/13	6/30/14	(11,429)			11,429				
I.D.E.A. Part B, Pre-School	84.173	IDEA507015	770	7/1/14	6/30/15				770	(770)			
I.D.E.A. Part B, Pre-School	84.173	IDEA507014	770	7/1/13	6/30/14	(435)			435				
Rural Education	84.358B	S358A093997	21,244	9/1/09	8/31/10		4,926					4,926	
Rural Education	84.358B	S358A103997	21,291	9/1/10	8/31/11		3,467					3,467	
Rural Education	84.358B	S358A113997	19,205	7/1/11	9/30/12		9,554					9,554	
Rural Education	84.358B	S358A133997	15,853	7/1/14	9/30/15				43,667	(43,667)			
Total Special Revenue Fund						(15,515)	17,947		137,988	(125,653)	(4,050)	18,817	
U.S. Department of Agriculture													
Passed-through State Department of Education:													
Enterprise Fund:													
Food Distribution Program	10.565	NA	8,286	7/1/14	6/30/15				8,286	(6,645)		1,641	
Food Distribution Program	10.565	NA	4,497	7/1/13	6/30/14					(623)			
National School Breakfast Program	10.553	NA	3,090	7/1/14	6/30/15			623		(3,090)	(211)		
National School Breakfast Program	10.553	NA	1,552	7/1/13	6/30/14	(388)			388				
National School Lunch Program	10.555	NA	14,473	7/1/14	6/30/15				13,358	(14,473)	(1,115)		
National School Lunch Program	10.555	NA	13,778	7/1/13	6/30/14	(2,564)			2,564				
Total Enterprise Fund						(2,952)	623		27,475	(24,831)	(1,326)	1,641	
Total Federal Financial Assistance						\$ (18,467)	\$ 18,570	\$	\$ 165,463	\$ (150,484)	\$ (5,376)	\$ 20,458	\$

See accompanying notes to schedules of financial assistance

**TOWNSHIP OF STOW CREEK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2014	Due to Grantor	Cash Received	Budgetary Expenditures	Adjustment	Repaymt of Prior Year Balances	Balances at June 30, 2015			MEMO		
			From	To							(Accounts Receivable)	Unearned Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education																
General Fund:																
Equalization Aid	14-495-034-5120-078	\$ 566,187	7/1/13	6/30/14	\$ (58,379)	\$	\$ 58,379	\$	\$	\$	\$	\$	\$	\$	\$	
Equalization Aid	15-495-034-5120-078	566,187	7/1/14	6/30/15			512,962	(566,187)						*	(53,225)	
Transportation Aid	14-495-034-5120-014	52,220	7/1/13	6/30/14	(5,384)		5,384									
Transportation Aid	15-495-034-5120-014	52,220	7/1/14	6/30/15			47,311	(52,220)						*	(4,909)	
Special Education Categorical Aid	14-495-034-5120-089	68,555	7/1/13	6/30/14	(7,069)		7,069									
Special Education Categorical Aid	15-495-034-5120-089	68,555	7/1/14	6/30/15			62,110	(68,555)						*	(6,445)	
Security Aid	14-495-034-5120-084	16,100	7/1/13	6/30/14	(1,660)		1,660									
Security Aid	15-495-034-5120-084	16,100	7/1/14	6/30/15			14,586	(16,100)						*	(1,514)	
Adjustment Aid	14-495-034-5120-085	5,359	7/1/13	6/30/14	(553)		553									
Adjustment Aid	15-495-034-5120-085	121,527	7/1/14	6/30/15			110,103	(121,527)						*	(11,424)	
Additional Adjustment Aid	15-495-034-5120-085	5,359	7/1/14	6/30/15			4,855	(5,359)						*	(504)	
PARCC Readiness Aid	15-495-034-5120-098	1,150	7/1/14	6/30/15			1,042	(1,150)						*	(108)	
Per Pupil Growth Aid	15-495-034-5120-097	1,150	7/1/14	6/30/15			1,042	(1,150)						*	(108)	
Additional Non Public School Trans Costs	14-495-034-5120-014	845	7/1/13	6/30/14	(845)		845									
Additional Non Public School Trans Costs	15-495-034-5120-014	1,566	7/1/14	6/30/15				(1,566)						*		
Reimbursed TPAF Social Security Contrib.	15-495-034-5094-003	30,767	7/1/14	6/30/15			30,767	(30,767)						*		
Total General Fund					(73,890)		858,668	(864,581)				(79,803)			(78,237)	864,581
Special Revenue Fund:																
N.J. Nonpublic Aid:																
Nursing Aid	15-100-034-5120-070	10,623	7/1/14	6/30/15			10,623	(10,623)						*		10,623
N.J. Nonpublic Textbook Aid	15-100-034-5120-064	6,673	7/1/14	6/30/15			6,673	(5,798)						*		5,798
N.J. Nonpublic Textbook Aid	14-100-034-5120-064	6,711	7/1/13	6/30/14		33									875	
Nonpublic Tech	14-100-034-5120-373	2,477	7/1/13	6/30/14		85										
Nonpublic Tech	15-100-034-5120-373	3,584	7/1/14	6/30/15			3,584	(3,572)								
Chapter 192: Auxiliary Services						1,084										
Compensatory Education	14-100-034-5120-067	11,984	7/1/13	6/30/14		11,984										
Compensatory Education	15-100-034-5120-067	8,958	7/1/14	6/30/15			8,958									
Transportation	15-100-034-5120-068	1,087	7/1/14	6/30/15			1,087									
Transportation	15-100-034-5120-068	1,998	7/1/13	6/30/14		1,998										
Chapter 193: Handicapped Services																
Examination and Classification	15-100-034-5120-066	1,083	7/1/14	6/30/15			1,083									
Examination and Classification	14-100-034-5120-066	1,433	7/1/13	6/30/14		1,433										
Corrective Speech	15-100-034-5120-066	5,301	7/1/14	6/30/15			5,301									
Corrective Speech	15-100-034-5120-066	7,031	7/1/13	6/30/14		7,031										
Supplemental Instruction	14-100-034-5120-066	694	7/1/13	6/30/14		694										
Supplemental Instruction	15-100-034-5120-066	1,569	7/1/14	6/30/15			1,569									
Character Education	07-495-034-5120-053	16,000	7/1/06	6/30/07	5,506			(1,654)				3,852		*		1,654
Total Special Revenue Fund					5,506	24,342	38,878	(21,647)	(1,084)	(23,258)		3,852	18,885		21,647	
State Department of Agriculture																
Enterprise Fund:																
State School Lunch Program	15-100-010-3350-023	446	7/1/14	6/30/15			400	(446)				(46)		*		446
State School Lunch Program	14-100-010-3350-023	489	7/1/13	6/30/14	(114)		114									
Total Enterprise Fund					(114)		514	(446)				(46)			446	
Total State Financial Assistance Subject to OMB 04-04/15-08					\$ (68,498)	\$ 24,342	\$ 898,060	\$ (886,674)	\$ (1,084)	\$ (23,258)	\$ (79,849)	\$ 3,852	\$ 18,885	\$ (78,237)	\$ 886,674	
On Behalf TPAF Contributions Not Subject to OMB 04-04/15-08																
On-Behalf TPAF Post Retirement Medical	15-495-034-5094-001	67,684	7/1/14	6/30/15			67,684	(67,684)								
On-Behalf TPAF Pension Contribution	15-495-034-5094-006	42,636	7/1/14	6/30/15			42,636	(42,636)								
Total State Financial Assistance							1,008,380	(996,994)								

See accompanying notes to schedules of financial assistance

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2015

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Stow Creek 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 schedules 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. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A.*, 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund, where applicable, also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A.* 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(5,192) for the general fund and \$599 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 on the following page:

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2015
(Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 969,709	\$ 969,709
Special Revenue Fund	125,653	22,246	147,899
Food Service Fund	<u>24,831</u>	<u>446</u>	<u>24,277</u>
Total Financial Assistance	\$ <u>150,484</u>	\$ <u>992,401</u>	\$ <u>1,142,885</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: FEDERAL AND STATE LOANS OUTSTANDING

The Stow Creek School District had no federal or state loan balances outstanding at June 30, 2015.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, if any, represents the amount paid by the state on behalf of the district for the year ended June 30, 2015. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

NOTE 7: MAJOR PROGRAM

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

NOTE 8: SCHOOL-WIDE PROGRAM FUNDS

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.

NOTE 9: ADJUSTMENT

There were no adjustments on Schedule A, Exhibit K-3. There was one prior year adjustment in the Non-public chapter 192 allocation in the amount of \$1,084, as reflected on Schedule B, Exhibit K-4.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness (es) identified? _____ yes X no
- 2) Significant deficiencies identified? _____ yes X none reported

Noncompliance material to basic financial statements noted? _____ yes X no

Federal Awards N/A

Internal control over major programs:

- 1) Material weakness (es) identified? _____ yes _____ no
- 2) Significant deficiencies identified? _____ 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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
-----------------------	---

No Major Federal Programs

Dollar threshold used to distinguish between type A and type B programs: **N/A**

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

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(continued)**

Section I - Summary of Auditor's Results (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

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: Unmodified

Any audit findings disclosed that are required to
be reported in accordance with NJOMB
Circular Letter 04-04 and/or 15-08 yes X no

Identification of major programs:

GMIS Number(s)

Name of State Program

15-495-034-5120-078
15-495-034-5120-089
15-495-034-5120-084
15-495-034-5120-085
15-495-034-5120-098
15-495-034-5120-097

Equalization Aid
Special Education Categorical Aid
Security Aid
Adjustment Aid
PARCC Readiness Aid
Per Pupil Growth Aid

STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(continued)

Section II - Financial Statement Findings

Finding: NONE

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Management's response:

STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015 (continued)

Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs

FEDERAL AWARDS

Finding: NONE

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Effect:

Cause:

Recommendation:

Management's response:

STATE FINANCIAL ASSISTANCE

Finding: NONE

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30,2015**

This section identifies the status of prior - year findings related to the basic financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 Government Auditing Standards, US OMB Circular A-133 (Section .315 (a) (b)) and New Jersey OMB's Circular 04-04 and/or 15-08.

STATUS OF PRIOR - YEAR FINDINGS

NONE