

**Elk Township School District
Board of Education
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

ELK TOWNSHIP SCHOOL DISTRICT

AURA, NEW JERSEY

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

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

For the Fiscal Year Ended June 30, 2016

Prepared by:

**Elk Township School
Board of Education Administration**

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INTRODUCTORY SECTION



Dr. Piera Gravenor, Superintendent • Joseph Collins, Business Administrator
Dr. Melissa Williams, Supervisor of Curriculum • Dr. Anner Thompson, Director of Special Services/CST • Cynthia Johnson, Principal

November 8, 2016

Honorable President and
Members of the Board of Education
Elk Township School District
900 Clems Run
Glassboro, New Jersey 08028

Dear Board Members and Constituents:

The comprehensive annual financial report of the Elk Township School District for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections:

- The Introductory Section contains a table of contents, letter of transmittal, list of principal officials, and an organizational chart of the District;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the basic financial statements, and notes providing an overview of the District's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis;
- The Single Audit Section - The District is required to undergo an annual audit in conformity with the provisions of the Single Audit Act of 1996, and the *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* "Audits of State and Local Governments," and the New Jersey OMB's Circular Letter 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments. Information related to this single audit, including the auditors' reports on the internal control structure and compliance with applicable laws and regulations, and findings and recommendations, if any, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES:

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

The Elk Township Board of Education and its school, constitutes the District's reporting entity. The District provides a full range of educational services appropriate to grade levels Pre-K through 6. These include regular, as well as special education for handicapped youth. The District completed the 2015-16 fiscal year with an average daily enrollment of 343 students, which is 7 students less than the previous year's enrollment.

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

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

A Gifted and Talented online learning program is provided to students in grades four through six. Identified students in grades kindergarten through three are provided with in-class activities to differentiate instruction and literacy activities through the Accelerated Reader program. They also participate in a STEAM program which occurs during extended learning time.

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

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

All pre-kindergarten through sixth grade students receive a program designed to enlighten their skills in language arts, math, science, social studies, health/physical education, library, music, foreign language, and computer technology.

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

2) ECONOMIC CONDITION AND OUTLOOK:

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

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

3) MAJOR INITIATIVES:

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

Literacy and Math

The District continues to utilize research-based math and literacy programs. These programs consist of an in-class delivery system that provides team teaching with special education and regular education in developmental classrooms in grades kindergarten through second. Grades K-6 also have push-in instructional support in ELA and mathematics. Our fifth and sixth grades are departmentalized in all subject areas with team teaching taking place for at-risk students. Read 180 and System 44 are used to provide individualized instruction to third through sixth grade students that are experiencing difficulty in learning to read. iREAD is used with Kindergarten through second grade for those struggling beginning readers. We use the Accelerated Reading program in grades kindergarten through sixth for all students. Our gifted students in grades four, five, and six participate in an online learning environment. Gifted students in the lower grades receive differentiated in-class instruction and literacy enrichment as well as participate in a STEAM program. All students in kindergarten through sixth grades take the STAR assessments to assess students' math and ELA abilities periodically throughout the school year, adjust grouping, enhance learning, and provide remediation/enrichment.

Technology

Technology in the Elk Township School District is viewed as critical to school reform because of its capacity to support and enhance learning and instruction. Interaction via a multitude of educational software programs, a 1:1 ChromeBook initiative in grades four through six, Google apps, email, and the Internet leads to 21st Century Learning and is revolutionizing the way Aura students learn. Technology has been integrated into every aspect of our curriculum. Professional development is provided to our teachers to continually upgrade their skills. The District's facility is equipped with computers in each classroom and four wireless laptop/netbook carts. In addition, second and third grade classrooms all have a Chromebook cart with devices for each student. Kindergarten and first grade classrooms share Chromebook carts. Again, in 2014, the Elk Township Board of Education made a major financial commitment to the improvement of the technology infrastructure. Wireless hotspots have been increased throughout the building to increase connectivity. Students take weekly technology classes in the school's computer lab and every classroom is equipped with an interactive Smart Board so that technology is woven into instruction on a daily basis.

The Arts

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

Professional Development

The District participates with the Delsea Regional School District in offering comprehensive professional development opportunities to the staff. A professional development committee, consisting of staff and administrators, meets regularly to assess the needs of the educational community. Staff are surveyed following professional development events to evaluate the effectiveness of the program. This year the PDC is continuing the theme of "Personalized PD" allowing teachers to meet state and district initiatives while growing in their own areas of focus. Google Classroom is used to monitor and inform staff professional development.

4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

5) BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service Fund. Project-length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

6) ACCOUNTING SYSTEM AND REPORTS:

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

6) ACCOUNTING SYSTEM AND REPORTS (CONTINUED):

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

7) MANAGEMENT'S DISCUSSION AND ANALYSIS:

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

8) CASH MANAGEMENT:

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

9) RISK MANAGEMENT:

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

10) INDEPENDENT AUDIT:

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Petroni & Associates LLC was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the revised *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards (Uniform Guidance)*, and New Jersey OMB's Circular 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) AWARDS – EDUCATIONAL:

Sixth grade Elk Township students participate annually in the Coriell Institute Science Fair. In previous years we have had some notable achievements in this area: Aura students have placed first in the Chemistry category, second in the Physics category, second in the Medicine and Health category, and an honorable mention in the Consumer Science category.

12) ACKNOWLEDGMENTS:

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

Respectfully Submitted,

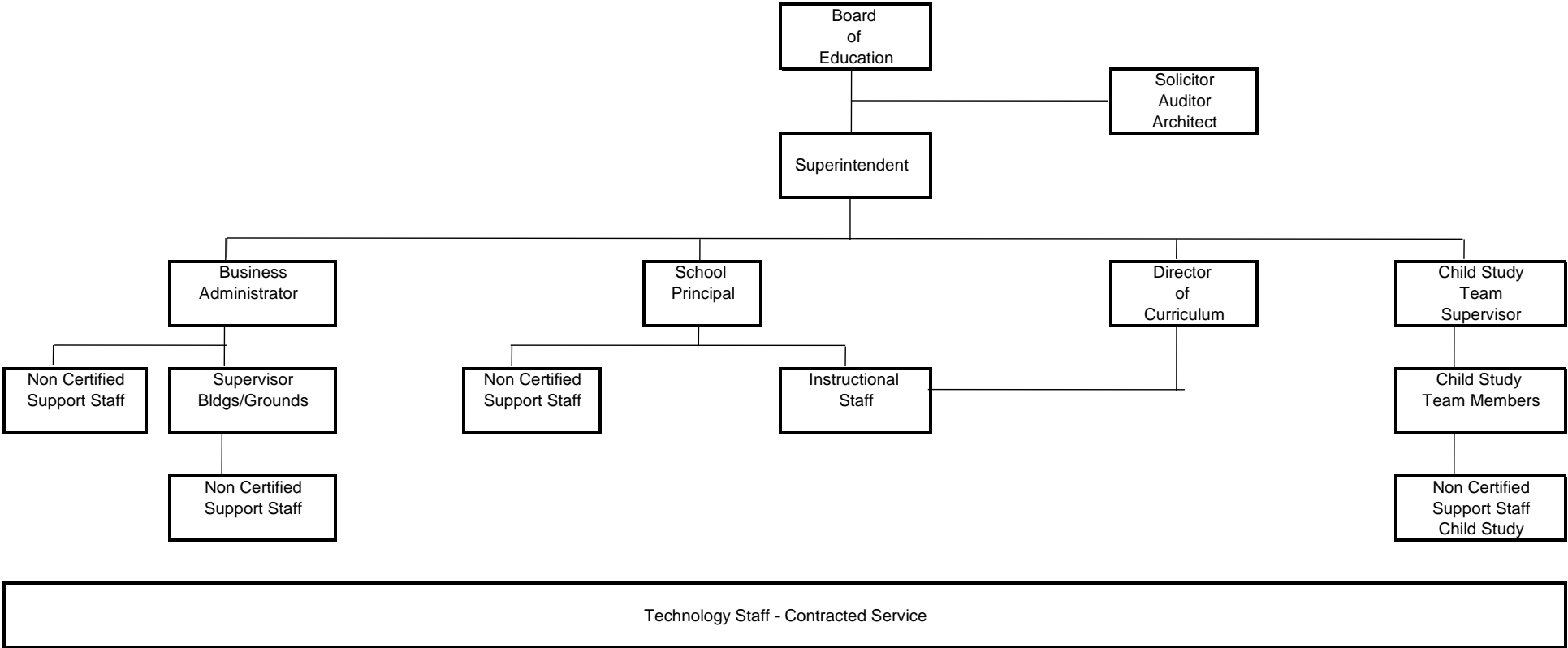
Dr. Piera Gravenor

Dr. Piera Gravenor
Superintendent

Joseph M. Collins, CPA

Joseph M. Collins, CPA
Business Administrator/Board Secretary

**ELK TOWNSHIP BOARD OF EDUCATION
ORGANIZATIONAL CHART**



ELK TOWNSHIP BOARD OF EDUCATION

Elk Township, New Jersey

**ROSTER OF OFFICIALS
June 30, 2016**

MEMBERS OF THE BOARD OF EDUCATION	Term Expires
Jessica J. Dadak, President	2018
J. Wilson Hughes, Jr.	2018
Douglas Gominger	2018
Mary Snively	2017
Cheryl L. Potter, Vice President	2017
Kevin French	2017
Staci Oppleman-Bedell	2016
Mary Spring	2016
Jennifer Wirtz	2016

OTHER OFFICIALS

Dr. Piera Gravenor, Superintendent

Joseph M. Collins, CPA, Business Administrator/Board Secretary

Stephen Considine, Treasurer

Frank P. Cavallo, Jr., Solicitor

ELK TOWNSHIP BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

ARCHITECTS

Garrison Architects
713 Creek Road
Bellmawr, NJ 08031

AUDIT FIRM

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

ATTORNEY

Frank P. Cavallo, Jr., Esq.
Three Greentree Centre
7001 Lincoln Drive West
Marlton, NJ 08053-0974

OFFICIAL DEPOSITORY

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

FINANCIAL SECTION

PETRONI & ASSOCIATES LLC

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

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Elk Township School District
900 Clems Run
Glassboro, New Jersey 08028

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 Board of Education of the Elk Township School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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 presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities, the Business-type Activities, each major fund, and the aggregate remaining fund information of the Elk Township Board of Education as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Elk Township Board of Education's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200 - *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, and the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by the Uniform Guidance, and the schedule of state financial

assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* is the responsibility of Management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by the Uniform Guidance, and the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2016, on our consideration of the Elk Township Board of Education's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering Elk Township Board of Education's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542
Glassboro, New Jersey

November 8, 2016

Required Supplementary Information – Part I

Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2016
Unaudited

This section of Elk Township Public School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2016. Comparative financial data is presented. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Areas of Interest

Key financial highlights for 2016 are as follows:

- In total, net position increased from \$1,910,444 in FY 2015 to \$2,404,665 (See Exhibit A-1) in FY 2016 which is a \$494,221 increase or a 26% increase from fiscal year 2015.
- General revenues accounted for \$6,093,905 in revenue (See Exhibit A-2) or 93% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$444,720 or 7% of total revenues of \$6,538,663.
- The District had \$6,044,442 in expenses; only \$444,720 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and state aid) of \$6,093,905 were adequate to provide for these programs.
- Among Governmental Funds, the General Fund, the District's most significant fund, had \$5,955,923 in revenues and \$5,437,072 in expenditures (see Exhibit B-2). The fund balance for the General Fund increased \$446,408 over fiscal year 2015. This increase was partially due to increases in revenue of \$18,801 and a decrease in expenditures of \$411,401.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole, looks at all financial transactions and asks the question, "How did we do financially during 2015-2016?" The Statement of Net Position and the Statement of Activities answer this question.

Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2016
Unaudited

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

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector businesses. These bases of accounting take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

The relationship (or differences) between Governmental Activities (reported in the Statement of Net Position and the Statement of Activities) and Governmental Funds is reconciled in the financial statements.

Enterprise Fund

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

Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2016
Unaudited

Notes to the Financial Statements

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

The School District as a Whole

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

Table 1 provides a summary of the School District's net position for fiscal years 2016 and 2015.

Elk Township Board of Education
Management's Discussion & Analysis
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The School District as a Whole (Continued)

Table 1
Elk Township School District's Net Position

	Business-		Business-		School District Total	
	Governmental	type	Governmental	type	Total	Total
	Activities		Activities		2016	2015
	2016		2015			
Assets						
Current and other assets	\$ 1,567,088	\$ 248,435	\$ 1,115,261	\$ 185,348	\$ 1,815,523	\$ 1,300,609
Capital assets	3,161,843	10,810	3,363,047	11,768	3,172,653	3,374,815
Total assets	<u>4,728,931</u>	<u>259,245</u>	<u>4,478,308</u>	<u>197,116</u>	<u>4,988,176</u>	<u>4,675,424</u>
Deferred Outflows of Resources						
Deferred outflows related to pension	<u>148,563</u>		<u>61,984</u>		<u>148,563</u>	<u>61,984</u>
Liabilities						
Long-term liabilities	1,971,415		2,165,832		1,971,415	2,165,832
Other liabilities	621,276	6,260	486,650	8,636	627,536	495,286
Total liabilities	<u>2,592,691</u>	<u>6,260</u>	<u>2,652,482</u>	<u>8,636</u>	<u>2,598,951</u>	<u>2,661,118</u>
Deferred Inflows of Resources						
Deferred inflows related to pension	<u>133,123</u>		<u>165,846</u>		<u>133,123</u>	<u>165,846</u>
Net Position						
Invested in capital assets,						
Net of related debt	2,096,843	10,810	2,138,946	11,768	2,107,653	2,150,714
Restricted	1,083,250		607,856		1,083,250	607,856
Unrestricted	(1,028,413)	242,175	(1,024,838)	176,712	(786,238)	(848,126)
Total net position	<u>\$ 2,151,680</u>	<u>\$ 252,985</u>	<u>\$ 1,721,964</u>	<u>\$ 188,480</u>	<u>\$ 2,404,665</u>	<u>\$ 1,910,444</u>

The District's combined net position was \$2,404,665 on June 30, 2016. This was a 26% increase from the prior year.

Total assets increased \$312,752. There was an increase in current and other assets and a slight decrease in capital assets due to the depreciation.

Total liabilities decreased \$62,167 due mainly to pension liability.

Table 2 shows changes in net position for fiscal years 2016 and 2015.

Elk Township Board of Education
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Unaudited

The School District as a Whole (Continued)

Table 2
Elk Township School District's
Changes in Net Position

	Business-		Business-		Total 2016	Total 2015
	Governmental	type	Governmental	type		
	Activities		Activities			
	2016		2015			
Revenues:						
Program revenues						
Charges for services	\$ 3,239	\$ 84,386	\$ 4,046	\$ 91,985	\$ 87,625	\$ 96,031
Operating grants and contributions	285,723	71,372	329,471	75,528	357,095	404,999
General revenues						
Property taxes	2,867,216		2,759,479		2,867,216	2,759,479
Federal and state aid not restricted	3,208,109		3,143,232		3,208,109	3,143,232
Other	58,814	219	218,154	21	59,033	218,175
Total revenue	6,423,101	155,977	6,454,382	167,534	6,579,078	6,621,916
Expenses:						
Instruction	2,334,200		2,649,540		2,334,200	2,649,540
Student support services	705,620		865,018		705,620	865,018
School administration	124,419		152,562		124,419	152,562
General & bus. administration	251,928		303,872		251,928	303,872
Plant operations & maintenance	355,016		366,163		355,016	366,163
Pupil transportation	433,490		514,572		433,490	514,572
Unallocated benefits	1,405,894		1,306,877		1,405,894	1,306,877
Food service		109,097		121,299	109,097	121,299
Childcare		14,375		16,221	14,375	16,221
Unallocated depreciation	207,714		204,556		207,714	204,556
Other	102,651		54,810		102,651	54,810
Total expenses	5,920,932	123,472	6,417,970	137,520	6,044,404	6,555,490
Transfers	(32,000)	32,000	(32,000)	32,000		
Prior year receivables canceled	(40,453)		(72,501)		(40,453)	
Increase (decrease) in net position	\$ 429,716	\$ 64,505	\$ (68,089)	\$ 62,014	\$ 494,221	\$ 66,426

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

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

There was an increase in property taxes of \$107,737. The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the District budget and related tax levy.

Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2016
Unaudited

Governmental Activities

The District's total revenues for Governmental Activities were \$6,419,862 (see Exhibit B-2) for the year ended June 30, 2016. Federal and state aid accounted for 54% of revenues. Property taxes made up 45% of revenues for Governmental Activities.

The total cost of all programs and services was \$5,899,991. Instruction and instruction related activities were \$3,062,049, which accounts for 52% of District expenses.

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

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

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

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

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

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

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for Governmental Activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3 - Governmental Activities
Costs of Services**

	Total Cost of Services 2016	Net Cost of Services 2016	Total Cost of Services 2015	Net Cost of Services 2015
Instruction:	\$ 2,334,200	\$ 2,048,477	\$ 2,649,540	\$ 2,320,069
Support services:				
Pupils and instructional staff	705,620	705,620	865,018	865,018
School administration	124,419	124,419	152,562	152,562
General & bus. administration	251,928	251,928	303,872	303,872
Plant operations & maintenance	355,016	351,777	366,163	362,117
Pupil transportation	433,490	433,490	514,572	514,572
Unallocated benefits	1,405,894	1,405,894	1,306,877	1,306,877
Other	310,365	310,365	259,366	259,366
Total expenses	\$ 5,920,932	\$ 5,631,970	\$ 6,417,970	\$ 6,084,453

Elk Township Board of Education
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Governmental Activities (Continued)

Of the \$5,920,932 total cost of services for fiscal year 2016, \$5,631,970 is for activities which are not self-supporting and are supported by tax revenue and unrestricted aid.

Business-type Activities

Business-type Activities include the food service and childcare operation. These programs had revenues of \$155,758 and expenses of \$123,472 for fiscal year 2016. The District received 48% of its revenues from grants from the federal and state reimbursable lunch and breakfast programs. Revenues from federal and state grant programs are driven by participation. The Food Service Fund also received a transfer from the General Fund in the amount of \$32,000 to eliminate a deficit in the program. Because program revenues are not adequate to cover the cost of running the food service program, the Board of Education can elect to raise the prices of student and adult lunches.

The School District's Funds

All Governmental Funds (i.e., General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$6,419,862 and expenditures were \$5,899,991. The schedules included in the financial section of this report demonstrate that the District continues to meet its responsibility for sound financial management.

The following schedules present a summary of the revenues of the Governmental Funds for the fiscal year ended June 30, 2016, and the amount and percentage of increases and decreases in relation to prior year revenues. The Capital Projects Fund is not included in the schedule because revenue in this fund is infrequent and cannot be compared to the prior year.

Table 4 - Revenue Comparison

Revenue	Amount	Percent of Total	Increase (Decrease) from 2015	Percent of Increase (Decrease)
Local sources	\$ 2,926,030	45.58%	\$ (52,602)	-1.77%
State sources	3,228,690	50.29%	64,655	2.04%
Federal sources	265,142	4.13%	(42,526)	-13.82%
	<u>\$ 6,419,862</u>	<u>100.00%</u>	<u>\$ (30,473)</u>	-0.47%

The increase in state sources is the result of changes in state aid calculations. The decrease in local sources is attributable to a decrease in tuition of \$162,355 and an increase in property taxes of \$107,737.

The following schedule presents a summary of General Fund, Special Revenue Fund, and Debt Service Fund expenditures for the fiscal year ended June 30, 2016, and the amount and percentage of increases and decreases in relation to prior year expenditures.

Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2016
Unaudited

The School District's Funds (Continued)

Table 5 - Expenditure Comparison

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2015	Percent of Increase (Decrease)
Current expense:				
Instruction	\$ 2,356,429	39.94%	\$ (304,019)	-11.43%
Undistributed	3,303,526	55.99%	(194,609)	-5.56%
Debt service	178,206	3.02%	(5,526)	-3.01%
Capital outlay	61,830	1.05%	42,275	216.19%
	<u>\$ 5,899,991</u>	<u>100.00%</u>	<u>\$ (461,879)</u>	-7.26%

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

General Fund Budgeting Highlights

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

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

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

For the General Fund, total revenues on the budget basis were \$5,967,262. The state contribution for TPAF members for pension and social security is neither a revenue item nor is it an expenditure to the District, but is required to be reflected in the financial statements; elimination of this item will provide a more accurate comparison of budget to actual revenues and expenditures. The total revenues represent an increase of \$576,982 over the final budget amount. This was mainly due to the unanticipated decrease in state aid during the school year caused by the decision of the state to withhold state aid from all School Districts in the amount of prior year excess surplus plus 25% of reserve balances.

Total expenditures, on the budget basis, were \$5,437,072. Expenditures were \$217,020 less than the final budget amount. The final budget includes amounts encumbered in the prior year to be expended in the current year. Expenditures were less than anticipated due to tight budgetary controls.

Elk Township Board of Education
Management's Discussion & Analysis
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Capital Assets

At the end of fiscal year 2016, the School District had \$3,172,653 invested in land, buildings, and machinery and equipment for Governmental and Business-type Activities. Table 6 shows fiscal year 2016 balances compared to 2015.

Debt Administration

Table 6 - Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land & improvements	\$ 267,502	\$ 285,321			\$ 267,502	\$ 285,321
Buildings & improvements	2,784,712	2,940,222			2,784,712	2,940,222
Vehicles	42,976	56,674			42,976	56,674
Machinery & equipment	66,653	80,830	\$ 10,810	\$ 11,768	77,463	92,598
Total	\$ 3,161,843	\$ 3,363,047	\$ 10,810	\$ 11,768	\$ 3,172,653	\$ 3,374,815

At June 30, 2016, the School District had \$1,197,184 of outstanding debt. Of this amount, \$132,184 is for compensated absences; and \$1,065,000 for bonds payable. The District continues to pay down its debt, decreasing bonds and capital leases of \$147,413 in fiscal year 2016.

Table 7 - Outstanding Debt at Year-End

	2016	2015
2008 general obligation bonds	\$ 1,065,000	\$ 1,195,000
Capital leases		29,101
Compensated absences payable	132,184	120,496
Total	\$ 1,197,184	\$ 1,344,597

For the Future

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

The District is committed to preparing its students for the future. A major concern however, is the continued increase in the costs of operating the District along with the District's limited ability to increase revenue.

The Elk Township School District receives a majority of its revenue from two sources, state aid and local property taxes. Although state aid has increased slightly over the past couple of years, the 2% mandated cap on property tax increases has created several challenges for the District to move forward with its curriculum.

Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2016
Unaudited

For the Future (Continued)

The District's enrollment has varied over the past several years however, in 2012-2013 the Choice School designation has brought a limited number of new students to Aura School. These new students were easily absorbed by the school but with several new housing projects approved in Elk Township, a significant increase in enrollment could create a need for the District to expand and build. Elk Township is a rural community, with very little industry, thus the burden of tax increases is borne by the homeowners. This new construction would increase the burden on the taxpayers of our District.

While voter approval is no longer needed for budget approval, the Board is painfully cognizant of the financial burden on the community and works to effectively maximize available funds.

The District continues to investigate and implement shared service agreements to decrease costs while providing quality services. The District signed shared service agreements with the constituent high school district for the provision of numerous services including Superintendent, Business Administrator, Director of Curriculum and Instruction, Director of Child Study Team, Transportation Coordinator and Services, Facilities Manager, Technology Coordinator, and purchasing services. The District will continue to examine opportunities to share services.

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

Contacting the School District's Financial Management

This financial report is designed to provide the taxpayers, investors, creditors and other interested parties with a general overview of the District's finances and to show the District's accountability for the resources it receives. If you have questions about this report or need additional information, contact Dr. Piera Gravenor, Superintendent, or Joseph M. Collins, CPA, Business Administrator/Board Secretary at Elk Township Board of Education, 900 Clems Run, Glassboro, NJ 08028.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 907,591	\$ 188,711	\$ 1,096,302
Receivables, net	366,708	42,927	409,635
Interfund receivable	3,142	12,554	15,696
Inventory		4,243	4,243
Restricted assets:			
Cash and cash equivalents	3,482		3,482
Capital reserve account - cash	274,568		274,568
Capital assets:			
Non-depreciable	45,404		45,404
Assets net of depreciation	3,116,439	10,810	3,127,249
Total assets	<u>4,717,334</u>	<u>259,245</u>	<u>4,976,579</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred bond issuance costs, net	11,597		11,597
Deferred outflows related to pension	148,563		148,563
	<u>160,160</u>		<u>160,160</u>
LIABILITIES			
Accounts payable	450,895	65	450,960
Accrued interest payable	20,828		20,828
Deferred revenue	6,999	1,653	8,652
Deposits payable		1,400	1,400
Interfund payable	12,554	3,142	15,696
Noncurrent liabilities:			
Due within one year	130,000		130,000
Due beyond one year	1,067,184		1,067,184
Net pension liability	904,231		904,231
Total liabilities	<u>2,592,691</u>	<u>6,260</u>	<u>2,598,951</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	<u>133,123</u>		<u>133,123</u>
NET POSITION			
Invested in capital assets, net of related debt	2,096,843	10,810	2,107,653
Restricted for:			
Debt service	5		5
Capital projects	3,380		3,380
Other purposes	1,079,865		1,079,865
Unrestricted	(1,028,413)	242,175	(786,238)
Total net position	<u>\$ 2,151,680</u>	<u>\$ 252,985</u>	<u>\$ 2,404,665</u>

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
Instruction:							
Regular	\$ 1,665,514				\$ (1,665,514)		\$ (1,665,514)
Special education	525,692		\$ 285,723		(239,969)		(239,969)
Other special instruction	114,304				(114,304)		(114,304)
Other instruction	28,690				(28,690)		(28,690)
Support services:							
Tuition	99,616				(99,616)		(99,616)
Student & instructional related services	606,004				(606,004)		(606,004)
School administrative services	124,419				(124,419)		(124,419)
General & business administrative services	251,928				(251,928)		(251,928)
Plant operations & maintenance	355,016	\$ 3,239			(351,777)		(351,777)
Pupil transportation	433,490				(433,490)		(433,490)
Unallocated benefits	1,405,894				(1,405,894)		(1,405,894)
Interest on long-term debt	45,674				(45,674)		(45,674)
Amortization of bond issuance costs	1,657				(1,657)		(1,657)
Capital outlay	55,320				(55,320)		(55,320)
Unallocated depreciation	207,714				(207,714)		(207,714)
Total governmental activities	5,920,932	3,239	285,723		(5,631,970)		(5,631,970)
Business-type activities:							
Food service	109,097	44,222	71,372			\$ 6,497	6,497
Childcare	14,375	40,164				25,789	25,789
Total business-type activities	123,472	84,386	71,372			32,286	32,286
Total primary government	\$ 6,044,404	\$ 87,625	\$ 357,095		\$ (5,631,970)	\$ 32,286	\$ (5,599,684)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					\$ 2,763,747		\$ 2,763,747
Taxes levied for debt service					103,469		103,469
Federal and state aid not restricted					3,208,109		3,208,109
Tuition received					48,854		48,854
Investment earnings					4,349	\$ 219	4,568
Miscellaneous Income					5,611		5,611
Prior year receivables canceled					(40,453)		(40,453)
Transfers					(32,000)	32,000	
Total general revenues, special items, extraordinary items, and transfers					6,061,686	32,219	6,093,905
Change in net position					429,716	64,505	494,221
Net position - beginning					1,721,964	188,480	1,910,444
Net position - end					\$ 2,151,680	\$ 252,985	\$ 2,404,665

FUND FINANCIAL STATEMENTS

ELK TOWNSHIP BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 902,856				\$ 902,856
Receivables from other governments	132,255	\$ 234,453			366,708
Interfund accounts receivable	228,386				228,386
Restricted cash and cash equivalents	278,050		\$ 3,482	\$ 5	281,537
Total assets	<u>\$ 1,541,547</u>	<u>\$ 234,453</u>	<u>\$ 3,482</u>	<u>\$ 5</u>	<u>\$ 1,779,487</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 443,513	\$ 7,159			\$ 450,672
Interfund accounts payable	13,224	224,472	\$ 102		237,798
Deferred revenue		6,999			6,999
Total liabilities	<u>456,737</u>	<u>238,630</u>	<u>102</u>		<u>695,469</u>
Fund balances:					
Restricted for:					
Capital reserve account	274,568				274,568
Excess surplus	458,566				458,566
Debt service fund				\$ 5	5
Capital projects fund			3,380		3,380
Assigned fund balance:					
Other purposes	201,231				201,231
Designated by the BOE for for subsequent year's expenditures	145,500				145,500
Unassigned fund balance:					
General fund	4,945				4,945
Special revenue fund		(4,177)			(4,177)
Total fund balances	<u>1,084,810</u>	<u>(4,177)</u>	<u>3,380</u>	<u>5</u>	<u>1,084,018</u>
Total liabilities and fund balances	<u>\$ 1,541,547</u>	<u>\$ 234,453</u>	<u>\$ 3,482</u>	<u>\$ 5</u>	

ELK TOWNSHIP BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2016

Amounts reported for Governmental Activities in the statement of net position (A-1) are different because:

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$7,166,906 and the accumulated depreciation is \$4,005,063 (See Note7).	\$ 3,161,843
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 8).	(1,197,184)
Net pension liability adjustment	(888,791)
Internal Service Funds are used by Management to charge the costs of certain activities, such as custodial services to other governments. Assets and liabilities of the Internal Service Fund of \$1,025 are included in the Statement of Net Position.	1,025
The costs associated with the issuance of bonds are expensed in the Governmental Funds in the year the bonds are issued but are capitalized on the Statement of Net Position. The bond issuance cost is \$24,853 and accumulated amortization if \$13,256.	11,597
Interest on long-term debt in the Statement of Activities is accrued, regardless of when due.	(20,828)
Net position of Governmental Activities	<u>\$ 2,151,680</u>

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 2,763,747			\$ 103,469	\$ 2,867,216
Tuition	48,854				48,854
Interest earned on investments	4,039		\$ 10		4,049
Interest earned on capital reserve funds	300				300
Miscellaneous	5,611				5,611
	<u>2,822,551</u>		<u>10</u>	<u>103,469</u>	<u>2,926,030</u>
State sources	3,119,655	\$ 34,298		74,737	3,228,690
Federal sources	13,717	251,425			265,142
Total revenues	<u>5,955,923</u>	<u>285,723</u>	<u>10</u>	<u>178,206</u>	<u>6,419,862</u>
EXPENDITURES:					
Current:					
Regular instruction	1,687,805				1,687,805
Special education instruction	300,280	224,682			524,962
Other special instruction	114,972				114,972
Other instruction	28,690				28,690
Support:					
Tuition	99,616				99,616
Student & instruction related services	545,973	60,031			606,004
School administrative services	120,350				120,350
Other administrative services	249,469				249,469
Plant operations and maintenance	347,296				347,296
Pupil transportation	433,490				433,490
Unallocated benefits	1,447,301				1,447,301
Debt service:					
Principal				130,000	130,000
Interest				48,206	48,206
Capital outlay	61,830				61,830
Total expenditures	<u>5,437,072</u>	<u>284,713</u>		<u>178,206</u>	<u>5,899,991</u>
Excess (deficiency) of revenues over expenditures	<u>518,851</u>	<u>1,010</u>	<u>10</u>		<u>519,871</u>
Other financing sources (uses):					
Transfers in	10				10
Transfers out	(32,000)		(10)		(32,010)
Prior year receivables canceled	(40,453)				(40,453)
Total other financing sources (uses)	<u>(72,443)</u>		<u>(10)</u>		<u>(72,453)</u>
Net change in fund balances	446,408	1,010			447,418
Fund balance - July 1	638,402	(5,187)	3,380	5	636,600
Fund balance - June 30	<u>\$ 1,084,810</u>	<u>\$ (4,177)</u>	<u>\$ 3,380</u>	<u>\$ 5</u>	<u>\$ 1,084,018</u>

ELK TOWNSHIP BOARD OF EDUCATION
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2016

Total net change in fund balances - Governmental Funds (from B-2)	\$ 447,418
<p>Amounts reported for Governmental Activities in the Statement of Activities (A-2) are different because:</p>	
<p>Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>	
Depreciation expense	\$ (207,714)
Capital outlays	6,510
	(201,204)
<p>Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities.</p>	
Bond principal	130,000
Capital lease obligation principal	29,101
<p>Internal Service Funds are used by Management to charge the costs of certain activities, such as custodial services. The operating loss of \$1,092 is included in the Governmental Activities in the Statement of Activities.</p>	
	(1,092)
<p>In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. The accrued interest is a reduction in the reconciliation.</p>	
	2,532
<p>Bond issuance costs are reported in the Governmental Funds as expenditures in the year the bonds are issued. However, on the Statement of Activities, the costs are amortize over the life of the bonds.</p>	
	(1,657)
<p>Pension contributions are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the contributions are adjusted for actuarial valuation adjustments.</p>	
	36,306
<p>In the Statement of Activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.</p>	
	(11,688)
Change in net position of Governmental Activities	\$ 429,716

ELK TOWNSHIP BOARD OF EDUCATION
 Statement of Net Position
 Proprietary Funds
 June 30, 2016

	Business-type Activities Enterprise Funds		Governmental Activities Internal Service Fund
	Food Service	Childcare	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 70,535	\$ 118,176	\$ 1,248
Accounts receivable:			
State	204		
Federal	9,959		
Other	32,764		
Interfund accounts receivable	12,554		
Inventory	4,243		
Total current assets	130,259	118,176	1,248
Noncurrent assets:			
Furniture, machinery & equipment	52,782		
Less accumulated depreciation	(41,972)		
Total noncurrent assets	10,810		
Total assets	141,069	118,176	1,248
LIABILITIES			
Current liabilities:			
Deferred revenue	1,653		
Deposits payable	1,400		
Accounts payable		65	223
Interfund payable		3,142	
Total current liabilities	3,053	3,207	223
NET POSITION			
Invested in capital assets net of related debt	10,810		
Unrestricted	127,206	114,969	1,025
Total net position	\$ 138,016	\$ 114,969	\$ 1,025

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities		Governmental
	Enterprise Funds		Activities
	Food Service	Childcare	Internal Service Fund
Operating revenues:			
Charges for services			
Daily sales - reimbursable programs	\$ 23,705		
Daily sales - non-reimbursable programs	18,585		
Tuition		\$ 40,164	
Special functions	1,932		
Services provided to other governmental entities			\$ 3,239
Total operating revenues	<u>44,222</u>	<u>40,164</u>	<u>3,239</u>
Operating expenses:			
Salaries	39,998	13,983	4,331
Employee benefits	7,922		
Other purchased services	16,038		
Supplies and materials	4,954	392	
Cost of sales	39,127		
Depreciation	958		
Miscellaneous	100		
Total operating expenses	<u>109,097</u>	<u>14,375</u>	<u>4,331</u>
Operating income (loss)	<u>(64,875)</u>	<u>25,789</u>	<u>(1,092)</u>
Non-operating revenues (expenses):			
Interest earned	219		
State sources:			
State school lunch program	1,200		
Federal sources:			
School breakfast program	10,170		
National school lunch program	48,036		
School milk program	676		
Food distribution program	11,290		
Total non-operating revenues (expenses)	<u>71,591</u>		
Income (loss) before operating transfers	6,716	25,789	(1,092)
Transfers in	32,000		
Change in net position	38,716	25,789	(1,092)
Total net position - beginning	99,300	89,180	2,117
Total net position - ending	<u>\$ 138,016</u>	<u>\$ 114,969</u>	<u>\$ 1,025</u>

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities		Governmental
	Enterprise Funds		Activities
	Food Service	Childcare	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 46,350	\$ 40,164	\$ 3,239
Payments to employees	(39,998)	(17,056)	(4,276)
Payments for employee benefits	(7,922)		
Payments to suppliers	(52,058)	(409)	
Net cash provided by (used for) operating activities	<u>(53,628)</u>	<u>22,699</u>	<u>(1,037)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Payments from general fund	46,133		
Due from general fund	(32,000)		
Federal and state reimbursements	41,510		
Net cash provided by (used for) non-capital financing activities	<u>55,643</u>		
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest earned	219		
Net cash provided by investing activities	<u>219</u>		
Net increase (decrease) in cash and cash equivalents	2,234	22,699	(1,037)
Balances - beginning of year	68,301	95,477	2,285
Balances - end of year	<u>\$ 70,535</u>	<u>\$ 118,176</u>	<u>\$ 1,248</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (64,875)	\$ 25,789	\$ (1,092)
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	958		
Food distribution program	11,290		
(Increase) decrease in other receivables	(644)		
(Increase)decrease in inventory	(1,032)		
Increase(decrease) in deferred revenue	777		
Increase(decrease) in deposits payable	66		
Increase(decrease) in accounts payable		49	55
Increase (decrease) in interfund payable	(168)	(3,139)	
Net cash provided by (used for) operating activities	<u>\$ (53,628)</u>	<u>\$ 22,699</u>	<u>\$ (1,037)</u>

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Unemployment Compensation Trust	Scholarship Fund	Agency Fund
ASSETS			
Cash and cash equivalents	\$ 6,143	\$ 1,183	\$ 11,658
Accounts receivable	762		
Total assets	\$ 6,905	\$ 1,183	\$ 11,658
LIABILITIES			
Payroll deductions and withholdings			\$ 752
Due to student groups			10,906
Total liabilities			\$ 11,658
NET POSITION			
Held in trust for unemployment claims	\$ 6,905		
Nonexpendable trust		\$ 1,183	

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2016

	Unemployment Compensation Trust	Scholarship Fund
ADDITIONS:		
Contributions:		
Plan member	\$ 7,702	
District	10,000	
Total contributions	17,702	
Investment earnings:		
Interest	10	\$ 4
Total additions	17,712	4
DEDUCTIONS:		
Unemployment claims	17,400	
Total deductions	17,400	
Change in net position	312	4
Net position - beginning of year	6,593	1,180
Net position - end of year	\$ 6,905	\$ 1,184

NOTES TO THE FINANCIAL STATEMENTS

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

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

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

The more significant accounting policies established in (GAAP) and used by the District, are discussed below.

A. Reporting Entity

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

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

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

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

B. Basic Financial Statements – District-Wide Statements

The District's basic financial statements include both District-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds.) Both the District-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's general, special revenue, capital projects, and debt service are classified as Governmental Activities. The District's food service program is classified as a Business-type Activity. Fiduciary Funds are excluded from the Government-wide financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements – District-Wide Statements (Continued)

In the District-wide Statement of Net Position, both the Governmental and Business-type Activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts: invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The District-wide Statement of Activities reports both the gross and net costs of each of the District's functions and Business-type Activities (food service). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, special education, student and instruction related services, etc.) or Business-type Activities. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants.

The net costs (by function or Business-type Activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

The District does not allocate indirect costs such as depreciation expense, on-behalf TPAF Pension contributions, and reimbursed TPAF Social Security Contributions.

The District-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the Governmental or Business-type Activities categories. Non-major funds by category are summarized into a single column. GASB 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The State of 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 in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District's Fiduciary Funds are presented in the fiduciary fund financial statement by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the District-wide statements.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basic Financial Statements - Fund Financial Statements (Continued)

The District reports the following governmental funds:

GOVERNMENTAL FUNDS

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the District:

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

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

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

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

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

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPRIETARY FUNDS

The focus of the Proprietary Funds measurement is upon the determination of operating income, changes in net assets, financial position and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector. The following are descriptions of the Proprietary Funds of the District:

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

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

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

FIDUCIARY FUNDS

Fiduciary Funds include Private Purpose Trust Funds and Agency Funds. The Private Purpose Trust Funds consist of Expendable Trust Funds and Nonexpendable Trust Funds. The measurement focus of the Expendable Trust Funds is the same as for Governmental Funds. The measurement focus of the Nonexpendable Trust Funds is similar to Proprietary Funds. Agency Funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The District reports the following Fiduciary Funds:

Private Purpose Trust Funds - The Private Purpose Trust Funds consist of Expendable Trust Funds. The Expendable Trust Funds are accounted for in essentially the same manner as the Governmental Fund types, using the same measurement focus and basis of accounting. The Expendable Trust Funds account for assets where both the principal and interest may be spent. The Expendable Trust Funds include the Unemployment Compensation Insurance Fund and a scholarship fund.

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

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported on the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

Both Governmental and Business-type Activities in the District-wide financial statements and the Proprietary and Fiduciary Fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The Governmental Funds financial statements are reported on the modified accrual basis of accounting. Under this method, revenues are recorded when they become both susceptible to accrual; i.e. both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenue from federal, state, or other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, claims and judgments, and compensated absences, are recorded when due.

E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budgets are submitted to the county office for approval and are approved as long as the District budget is within State mandated CAP's, there is no public vote on the budget. If the budget exceeds State mandated CAP's, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:23-2(g). Budget amendments/transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and, under certain circumstances, require approval by the County Superintendent of Schools. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. 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 deferred revenues at fiscal year-end.

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

G. Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, cash in banks, money market accounts, and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury 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.

For purposes of determining cash equivalents the District considers all investments with an original maturity of three months or less as cash equivalents.

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

NJSA 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks), and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least 5% of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

H. Tuition Receivable

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Inventories

Inventories, other than those recorded in the Enterprise Fund, are recorded as expenditures during the year of purchase. Inventories in the Enterprise Fund are recorded at cost, computed on a first-in, first-out method. In the fund based financial statements, commodities received from the U.S. Department of Agriculture are recorded as deferred revenue until consumed.

J. Interfund Receivables/Payables

Transfers between Governmental and Business-type Activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers.

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

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

K. Capital Assets

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

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

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

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and underground pipes. Such items are considered to be part of the cost of buildings or other improvable property.

L. Accrued Salaries and Wages

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Compensated Absences

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

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

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

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

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

N. Deferred Revenue

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

O. Accrued Liabilities and Long-Term Obligations

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 is available.

Q. Fund Balance

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

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

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

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

Assigned - The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the Business Administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Balance (Continued)

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available; the District considers Restricted Funds to have been spent first. When an expenditure is incurred for which Committed, Assigned, or Unassigned Fund balance are available; the District considers amounts to have been spent first out of Committed Funds, then Assigned Funds, and finally Unassigned Funds, as needed.

R. Revenues

Substantially all governmental fund revenue is accrued. Property taxes are susceptible to accrual and under New Jersey State statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." Subsidies and grants to Proprietary Funds, which finance either capital or current operations, are reported as non-operating revenue based on GASB No. 33. In applying GASB No. 33 to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

S. Expenditures

Expenses are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

T. Allocation of Indirect Expenses

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

U. 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.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Use of Estimates

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

W. Recent Accounting Pronouncements Not Yet Effective

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." This statement, which is effective for fiscal periods beginning after June 15, 2016, is anticipated to have an effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This statement, which is effective for fiscal periods beginning after June 15, 2016, is anticipated to have an effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." This statement, which is effective for fiscal periods beginning after June 15, 2017, is anticipated to have an effect on the District's financial reporting.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77, "Tax Abatement Disclosures." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

In December 2015, The Governmental Accounting Standards Board (GASB) issued Statement No. 79, "Certain External Investment Pools and Pool Participants." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements." This statement, which is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Recent Accounting Pronouncements Not Yet Effective (Continued)

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82, "Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73." This statement is effective for fiscal periods beginning after June 15, 2016. The impact of this statement on the net position of the district is not anticipated to be significant.

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits

Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the New Jersey Governmental Unit Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes NJSA 18A:20-37 that are treated as cash equivalents. The carrying amount of the District's cash and cash equivalents at June 30, 2016 and 2015, was \$1,393,336 and \$863,969. As of June 30, 2016 and 2015, \$0 of the District's bank balance of \$1,710,381 and \$1,167,527, respectively, was exposed to Custodial Credit Risk.

NOTE 3: INVESTMENTS

As of June 30, 2016 and 2015, the District did not have any investments.

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

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

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

NOTE 4: RECEIVABLES

Receivables at June 30, 2016, (see Exhibit B-1 and B-4) consisted of intergovernmental and property taxes receivable. All receivables are considered collectible in full. A summary of the principal items of the intergovernmental receivables are as follows:

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 4: RECEIVABLES (CONTINUED)

	Governmental Activities	Business-type Activities
State aid	\$ 36,650	\$ 204
Other	95,605	32,764
Federal aid	234,453	9,959
	<u>\$ 366,708</u>	<u>\$ 42,927</u>

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

The following Interfund balances remain on the balance sheet at June 30, 2016:

	Interfund	
	Receivable	Payable
General Fund	\$ 228,386	\$ 13,224
Special Revenue Fund		224,472
Capital Projects Fund		102
Food Service Fund	12,554	
Childcare Fund		3,142
Total	<u>\$ 240,940</u>	<u>\$ 240,940</u>

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

NOTE 6: INVENTORY

Inventory in the Food Service Fund at June 30, 2016, consisted of the following:

Food	\$ 1,633
Commodities	1,652
Supplies	958
	<u>\$ 4,243</u>

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

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 7: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2016</u>
Governmental activities:				
Capital assets not being depreciated:				
Sites (land)	\$ 45,404			\$ 45,404
Total capital assets not being depreciated	<u>45,404</u>			<u>45,404</u>
Assets that are being depreciated:				
Site improvements	377,719			377,719
Building & building improvements	5,798,497			5,798,497
Vehicles	387,980			387,980
Machinery & equipment	550,796	\$ 6,510		557,306
Totals at historical cost	<u>7,114,992</u>	<u>6,510</u>		<u>7,121,502</u>
Less: accumulated depreciation				
Site improvements	137,802	17,819		155,621
Building & building improvements	2,858,275	155,510		3,013,785
Vehicles	336,723	8,281		345,004
Machinery & equipment	464,549	26,104		490,653
Total accumulated depreciation	<u>3,797,349</u>	<u>207,714</u>		<u>4,005,063</u>
Governmental activities capital assets, net	<u>\$ 3,363,047</u>	<u>\$ (201,204)</u>		<u>\$ 3,161,843</u>
Business-type activities:				
Machinery & equipment	\$ 52,782			\$ 52,782
Less: accumulated depreciation	41,014	\$ 958		41,972
Business-type capital assets, net	<u>\$ 11,768</u>	<u>\$ (958)</u>		<u>\$ 10,810</u>

Depreciation was charged as an unallocated expense since it could not be specifically identified to one program/function for governmental activities.

NOTE 8: GENERAL LONG-TERM DEBT

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

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 8: GENERAL LONG-TERM DEBT (CONTINUED)

Permanently funded debt as of June 30, 2016, consisted of the following:

A. Bonds Payable

The Board sold General Obligation Bonds on June 26, 2008, with an issue date of July 15, 2008, in the amount of \$1,750,000. The bonds have an interest rate ranging from 4.25% to 4.375% and mature from 2016 to 2023. The remaining balance at June 30, 2016, was \$1,065,000.

B. Long-Term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2016, are as follows:

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016	Due in One year
Compensated absences					
Governmental	\$ 120,496	\$ 13,219	\$ 1,531	\$ 132,184	
Bonds payable	1,195,000		130,000	1,065,000	\$ 130,000
Capital leases	29,101		29,101		
	<u>\$ 1,344,597</u>	<u>\$ 13,219</u>	<u>\$ 160,632</u>	<u>\$ 1,197,184</u>	<u>\$ 130,000</u>

C. Bonds Payable

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

Year Ended June 30,	Principal	Interest	Total
2017	130,000	42,681	172,681
2018	130,000	37,156	167,156
2019	130,000	31,631	161,631
2020	130,000	26,106	156,106
2021	130,000	20,581	150,581
2022-2024	415,000	27,547	442,547
	<u>\$ 1,065,000</u>	<u>\$ 185,702</u>	<u>\$ 1,250,702</u>

D. Bonds Authorized but Not Issued

As of June 30, 2016, the Board had no bonds authorized but not issued.

E. Other

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

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8: GENERAL LONG-TERM DEBT (CONTINUED)

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

For the year ended June 30, 2016, it is not necessary for the Board to establish a liability for arbitrage rebate.

NOTE 9: PENSION PLANS

Description of Plans - All required employees of the District are covered by the Public Employees' Retirement System (PERS), or the Teachers' Pension and Annuity Fund (TPAF) a cost-sharing, multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System 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. The reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at: <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>.

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

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

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

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 9: PENSION FUNDS (CONTINUED)

Funding Policy (Continued) - (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018. 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. The current TPAF and PERS rate is 7.06% of covered payroll.

The District's contributions to PERS for the years ending June 30, 2016, 2015, and 2014, were \$34,631, \$36,160, and \$38,506, respectively, equal to the required contributions for each year.

During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$395,770, to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the District \$156,410 during the year ended June 30, 2016, 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 financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

The District's total payroll for the years ended June 30, 2016, 2015, and 2014, were \$2,735,881, \$2,726,802, and \$2,909,746, respectively. Covered payroll was \$386,080, \$379,591, and \$281,230 for PERS and \$2,166,663, \$2,114,426, and \$2,222,062 for TPAF, for the same years.

For the year ended June 30, 2016, the District recognized pension expense of \$(1,675). At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,572	
Changes of assumptions	92,360	
Net difference between projected and actual earnings on pension plan investments		\$ 2,303
Changes in proportion and differences between District contributions and proportionate share of contributions		130,820
Employer contributions subsequent to the measurement date	34,631	
	\$ 126,991	\$ 133,123

\$34,631 reported as deferred outflows of resources related to pensions, resulting from school district project contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 9: PENSION FUNDS (CONTINUED)

Funding Policy (Continued)

Year Ended June 30,	Amount
2017	\$ (8,206)
2018	(8,206)
2019	(8,206)
2020	4,030
2021	1,397
	<u>\$ (19,191)</u>

Additional information – Collective balances at June 30, 2014 and 2015, are as follows:

	June 30, 2014	June 30, 2015
Collective deferred outflows of resources	\$ 952,194,675	\$ 3,578,755,666
Collective deferred inflows of resources	1,479,224,662	993,410,455
Collective net pension liability	<u>18,722,735,003</u>	<u>22,447,996,119</u>
District's proportion	0.4386297000%	0.4028116700%

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contributes amounts for each pay period to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District's contributions for the years ending June 30, 2016, 2015, and 2014, were \$328, \$94, and \$282 for covered employees.

NOTE 10: POST RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10: POST RETIREMENT BENEFITS (CONTINUED)

the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees eligible for post-retirement medical benefits and the State contributed \$1.25 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

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 permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrator is Lincoln Investment Planning, Inc.

NOTE 12: COMPENSATED ABSENCES

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. The District's policy permits employees to accumulate sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with District's agreements with the various employee unions. The District uses the vesting method to record the liability.

For the District-wide *Statement of Net 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 compensated absences in the Governmental Fund at June 30, 2016, is \$132,184.

NOTE 13: RISK MANAGEMENT

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

Property and Liability Insurance

The District maintains commercial insurance coverage for property, liability, student accident, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. Any potential liability of the District

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 13: RISK MANAGEMENT (CONTINUED)

Property and Liability Insurance (Continued)

with respect to loss claims would be equal to the deductibles associated with policies and events which may exceed coverage limits. There have not been any significant reductions in insurance coverage amounts.

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. This District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2015-2016	\$ 10,000	\$ 7,702	\$ 17,400	\$ 6,905
2014-2015		5,784	11,011	6,593
2013-2014	20,000	6,644	25,573	11,799

NOTE 14: CAPITAL RESERVE ACCOUNT

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

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

The activity of the capital reserve for the July 1, 2015 to June 30, 2016, fiscal year is as follows:

Beginning balance, July 1, 2015	\$ 274,268
Interest earnings	300
Ending balance, June 30, 2016	<u>\$ 274,568</u>

The June 30, 2016, LRFP balance of local support costs of uncompleted capital projects is \$378,180.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 15: ECONOMIC DEPENDENCY

The District is heavily reliant on state aid and local tax levy to fund the District operations. State sources funded approximately 50% and taxes fund 45% of the District's 2015-2016 governmental operations excluding capital projects.

NOTE 16: FUND BALANCE APPROPRIATED

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

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

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

Specific classifications of fund balance are summarized below:

RESTRICTED FUND BALANCE

Non-Spendable Fund Balance - The District had no non-spendable fund balance at June 30, 2016.

Capital Reserve Account - Of the \$274,568 balance in the capital reserve account at June 30, 2016, \$0 has been designated for utilization in the 2016-2017 budget. These funds are restricted for future capital outlay expenditures for projects in the School District's long range facilities plan.

Maintenance Reserve Account - The District had no maintenance reserve account at June 30, 2016.

Excess Surplus - At June 30, 2016, there was excess surplus created in in the amount of \$458,566, while there was no excess surplus created in FY 2015.

Debt Service Fund - At June 30, 2016, there was \$5 fund balance.

Capital Projects Fund - At June 30, 2016, there was \$3,380 fund balance.

Committed Fund Balance - The District had no committed fund balance at June 30, 2016.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 16: FUND BALANCE APPROPRIATED (CONTINUED)

Assigned Fund Balance - At June 30, 2016, the District has assigned \$145,500 of General Fund balance to expenditures in the 2016-2017 budget; \$201,231 was assigned for other purposes as of the year-end. This represents encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by District officials.

Unassigned Fund Balance - At June 30, 2016, the District has \$4,945 of unassigned fund balance in the General Fund.

Special Revenue Fund - As of June 30, 2016, the fund balance was a deficit of \$4,177, thus resulting in the fund balance classification of unassigned.

NOTE 17: CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey School Districts are required to reserve General Fund, fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 and 2015, is \$458,566 and \$0, respectively.

NOTE 18: DEFICIT IN FUND BALANCE

The District has a deficit fund balance of \$4,177 in the Special Revenue Fund, as of June 30, 2016, as reported in the fund statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, Districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The law provides legal authority for Districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes the asset, the other government recognizes the liability. Since the state is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the Special Revenue Fund balance deficit does not alone indicate that the District is facing financial difficulties.

NOTE 19: CONTINGENT LIABILITIES

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

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 20: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2016 and November 8, 2016, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

Required Supplementary Information – Part II

BUDGETARY COMPARISON SCHEDULES

ELK TOWNSHIP BOARD OF EDUCATION
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 2,763,747		\$ 2,763,747	\$ 2,763,747	
Tuition	30,000		30,000	48,854	\$ 18,854
Interest on investments	4,000		4,000	4,039	39
Interest earned on capital reserve funds	300		300	300	
Miscellaneous	5,000		5,000	5,611	611
Total - local sources	<u>2,803,047</u>		<u>2,803,047</u>	<u>2,822,551</u>	<u>19,504</u>
State Sources:					
Categorical transportation aid	157,280		157,280	157,280	
Extraordinary aid	25,000		25,000	19,595	(5,405)
Categorical special education aid	195,091		195,091	195,091	
Equalization aid	2,013,576		2,013,576	2,013,576	
Adjustment aid	38,757		38,757	38,757	
School choice aid	72,190		72,190	72,190	
Categorical security aid	66,201		66,201	66,201	
Under adequacy aid	5,178		5,178	5,178	
PARCC readiness aid	3,320		3,320	3,320	
Per pupil growth aid	3,320		3,320	3,320	
Reimbursed non-public school transportation costs				4,306	4,306
TPAF - post retirement medical (on-behalf non-budgeted)				215,113	215,113
Teachers' pension & annuity fund (on-behalf non-budgeted)				180,657	180,657
Reimbursed TPAF social security contributions (non-budgeted)				156,410	156,410
Total - state sources	<u>2,579,913</u>		<u>2,579,913</u>	<u>3,130,994</u>	<u>551,081</u>
Federal sources:					
Medical assistance program	7,320		7,320	13,717	6,397
Total - federal sources	<u>7,320</u>		<u>7,320</u>	<u>13,717</u>	<u>6,397</u>
Total revenues	<u>\$ 5,390,280</u>		<u>\$ 5,390,280</u>	<u>\$ 5,967,262</u>	<u>\$ 576,982</u>

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current expense:					
Regular programs - instruction					
Preschool - salaries of teachers	\$ 73,281	\$ (20)	\$ 73,261	\$ 50,403	\$ 22,858
Kindergarten - salaries of teachers	151,950	70,541	222,491	222,472	19
Grades 1-5 - salaries of teachers	1,176,419	(93,690)	1,082,729	1,001,218	81,511
Grades 6-8 - salaries of teachers	177,580	23,938	201,518	201,449	69
Regular programs - home instruction					
Salaries of teachers	1,000	(20)	980		980
Purchased professional - educational services	1,000		1,000		1,000
Regular programs - undistributed instruction					
Purchased professional - educational services	135,005	(36,750)	98,255	88,161	10,094
Rentals	61,483	(620)	60,863	58,470	2,393
Other purchased services	17,814	13,770	31,584	29,175	2,409
General supplies	21,640	25,850	47,490	36,457	11,033
Textbooks	1,000	(1,000)			
Total regular programs - instruction	1,818,172	1,999	1,820,171	1,687,805	132,366
Special education instruction:					
Multiple disabilities					
Salaries of teachers	82,824	(3,040)	79,784	79,000	784
Purchased professional - educational services	61,519		61,519	55,214	6,305
Total multiple disabilities	144,343	(3,040)	141,303	134,214	7,089
Resource room/resource center					
Salaries of teachers	104,884	120	105,004	105,001	3
Purchased professional - educational services	40,161	(16,600)	23,561	19,559	4,002
Rentals	1,285		1,285	893	392
General supplies	1,000		1,000		1,000
Total resource room/resource center	147,330	(16,480)	130,850	125,453	5,397
Preschool disabilities - part time					
Salaries of teachers	30,111		30,111	30,039	72
Purchased professional - educational services	19,580	(8,000)	11,580	10,074	1,506
Rentals	527		527	500	27
General supplies	150		150		150
Total preschool disabilities - part time	50,368	(8,000)	42,368	40,613	1,755
Home instruction					
Purchased professional - educational services	1,000		1,000		1,000
Total home instruction	1,000		1,000		1,000
Total special education - instruction	343,041	(27,520)	315,521	300,280	15,241
Basic skills/remedial - instruction					
Salaries of teachers	114,353	5,920	120,273	113,070	7,203
Purchased professional - educational services	2,900	(2,900)			
Rentals	960	(10)	950	900	50
General supplies	1,000	10	1,010	1,002	8
Total basic skills/remedial - instruction	119,213	3,020	122,233	114,972	7,261
School-spon. curricular activities - instruction					
Salaries	4,500		4,500	3,450	1,050
General supplies	500		500	124	376
Total school-spon. curricular activities - instruction	5,000		5,000	3,574	1,426

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Before/after school programs - instruction					
Salaries of teachers	6,500	(1,000)	5,500		5,500
General supplies		1,000	1,000	259	741
	<u>6,500</u>		<u>6,500</u>	<u>259</u>	<u>6,241</u>
Summer school - instruction:					
Salaries of teachers	25,000		25,000	21,020	3,980
Other salaries for instruction	4,500	(1,000)	3,500	1,650	1,850
Purchased professional - educational services		1,000	1,000	770	230
General supplies	2,000		2,000	1,417	583
Total summer school - instruction	<u>31,500</u>		<u>31,500</u>	<u>24,857</u>	<u>6,643</u>
Total instructions	<u>2,323,426</u>	<u>(22,501)</u>	<u>2,300,925</u>	<u>2,131,747</u>	<u>169,178</u>
Undistributed expenditures - instruction					
Tuition to other LEA's within the state - regular					
Tuition to CSSD & regional day schools	79,040	63,919	142,959	48,874	94,085
Tuition to private schools for the disabled - within state	92,400	(73,919)	18,481	18,436	45
Tuition to state facilities	32,306		32,306	32,306	
Total undistributed expenditures - instruction	<u>203,746</u>	<u>(10,000)</u>	<u>193,746</u>	<u>99,616</u>	<u>94,130</u>
Undistributed expenditures - attendance and social work					
Salaries	11,548	455	12,003	11,955	48
Purchased professional - technical services	2,275		2,275	2,275	
Rentals	500		500	81	419
Total undistributed expenditures - attendance and social work	<u>14,323</u>	<u>455</u>	<u>14,778</u>	<u>14,311</u>	<u>467</u>
Undistributed expenditures - health services					
Salaries	77,202	3,000	80,202	74,439	5,763
Purchased professional - technical services	4,000	795	4,795	3,971	824
Rentals	321		321		321
Other purchased services	800		800	190	610
Supplies and materials	4,000	(3,162)	838	108	730
Total undistributed expenditures - health services	<u>86,323</u>	<u>633</u>	<u>86,956</u>	<u>78,708</u>	<u>8,248</u>
Undist. expend. - speech, OT, PT & related services:					
Purchased professional - educational services	50,000	39,800	89,800	89,689	111
Supplies and materials	400		400	80	320
Other transportation	321		321	105	216
Total undist. expend. - speech, OT, PT & related serv.	<u>50,721</u>	<u>39,800</u>	<u>90,521</u>	<u>89,874</u>	<u>647</u>
Undist. expend. - other supp. serv. students - extra. serv.					
Purchased professional - educational services	20,000	(18,300)	1,700	1,238	462
Supplies and materials	5,000	(1,000)	4,000	2,718	1,282
Total undist. expend. - other supp. serv. students - extra serv.	<u>25,000</u>	<u>(19,300)</u>	<u>5,700</u>	<u>3,956</u>	<u>1,744</u>
Undist. expend. - guidance					
Purchased professional - technical services	2,275		2,275	2,275	
Total undist. expend. - guidance	<u>2,275</u>		<u>2,275</u>	<u>2,275</u>	

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. expend. - child study teams					
Salaries of other professional staff	112,166		112,166	108,769	3,397
Salaries of secretarial and clerical assistants	47,750		47,750	47,540	210
Purchased professional - educational services	40,000	(19,200)	20,800	14,572	6,228
Purchased professional - technical services	15,190	(750)	14,440	12,500	1,940
Miscellaneous purchased services	4,536	2,950	7,486	7,391	95
Supplies and materials	1,000	1,000	2,000	2,000	
Miscellaneous expenditures	500		500	134	366
Total undist. expend. - child study teams	221,142	(16,000)	205,142	192,906	12,236
Undist. expend. - improv. of inst. services					
Salaries of supervisors of instruction	64,895		64,895	41,796	23,099
Salaries of other professional staff	5,000	(3,000)	2,000	709	1,291
Salaries of secretarial and clerical assistants	20,254	3,500	23,754	23,601	153
Purchased professional - educational services	12,500		12,500	12,500	
Rentals	417		417	414	3
Other purchased services	8,111	(500)	7,611	1,154	6,457
Supplies and materials	168		168		168
Miscellaneous expenditures	100		100		100
Total undist. expend. - improv. of inst. services	111,445		111,445	80,174	31,271
Undist. expend. - edu. media serv./sch. library					
Salaries	81,260		81,260	77,001	4,259
Rentals	426		426	209	217
Other purchased services	5,199		5,199	5,199	
Supplies and materials	2,700		2,700		2,700
Total undist. expend. - edu. media serv./sch. library	89,585		89,585	82,409	7,176
Undist. expend. - instructional staff training					
Other salaries		660	660	660	
Other purchased services	5,000	(660)	4,340	700	3,640
Total undist. expend. - instructional staff training	5,000		5,000	1,360	3,640
Undist. expend. - supp. serv. - general administration					
Salaries	8,680	(1,548)	7,132		7,132
Other salaries		2,649	2,649	1,800	849
Legal services	8,000	12,050	20,050	16,369	3,681
Audit fees	13,000	(700)	12,300	12,000	300
Architectural/engineering services	3,000	(3,000)			
Other purchased professional services	45,000		45,000	45,000	
Purchased technical services	8,000	(2,100)	5,900	5,797	103
Rentals	417		417	414	3
Communications/telephone	9,700	(5,950)	3,750		3,750
Travel		100	100	59	41
BOE other purchased services	500		500	359	141
Other purchased services	13,200	(1,350)	11,850	11,825	25
General supplies	500	(100)	400	167	233
BOE in-house training/meeting supplies	100		100	39	61
Miscellaneous expenditures	1,000	775	1,775	1,592	183
BOE membership dues and fees	6,000	(825)	5,175	4,324	851
Total undist. expend. - supp. serv. - general administration	117,097	1	117,098	99,745	17,353

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. expend. - supp. serv. - school administration					
Salaries of principals/assistant principals	71,564		71,564	71,564	
Salaries of secretarial and clerical assistants	34,644	4,300	38,944	38,944	
Purchased professional - technical services	10,500	(4,300)	6,200	5,208	992
Rentals	729		729	314	415
Other purchased services	5,226		5,226	400	4,826
Supplies and materials	3,000		3,000	2,316	684
Other objects	1,700		1,700	1,604	96
Total undist. expend. - supp. serv. - school administration	127,363		127,363	120,350	7,013
Undist. expend. - central services					
Salaries	76,317	(10,000)	66,317	37,523	28,794
Purchased professional services	46,900		46,900	46,500	400
Purchased technical services	17,100	500	17,600	17,520	80
Miscellaneous purchased services	4,328	3,100	7,428	7,115	313
Supplies and materials	2,600	(600)	2,000	1,186	814
Interest on lease purchase agreements	6,524	(1,500)	5,024	2,900	2,124
Miscellaneous expenditures	100		100		100
Total undist. expend. - central services	153,869	(8,500)	145,369	112,744	32,625
Undist. expend. - admin. info. tech.					
Purchased technical services	25,000		25,000	24,800	200
Other purchased services	14,209	(1,500)	12,709	9,574	3,135
Supplies and materials	9,600		9,600	2,606	6,994
Total undist. expend. - admin. info. tech.	48,809	(1,500)	47,309	36,980	10,329
Undist. expend. - required maintenance for school facilities					
Cleaning, repair, and maintenance services	61,200	(2,000)	59,200	42,275	16,925
General supplies	5,100	2,000	7,100	3,007	4,093
Total undist. expend. - required maintenance for school facilities	66,300		66,300	45,282	21,018
Undist. expend. - custodial services					
Salaries	175,190	(165,000)	10,190	1,069	9,121
Other salaries		165,000	165,000	162,136	2,864
Purchased professional - technical services	10,000		10,000	7,817	2,183
Cleaning, repair, and maintenance services	40,000	(19,500)	20,500	7,263	13,237
Other purchased property	1,000		1,000		1,000
Insurance	20,000	2,000	22,000	20,086	1,914
Miscellaneous purchased services	28,521	(15,000)	13,521	7,297	6,224
General supplies	20,000	(3,000)	17,000	14,058	2,942
Energy (electricity)	65,000	(4,000)	61,000	59,453	1,547
Energy (oil)	45,000	(34,500)	10,500	7,773	2,727
Other expenditures	2,200	1,000	3,200	2,849	351
Total undist. expend. - custodial services	406,911	(73,000)	333,911	289,801	44,110

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. expend. - care and upkeep of grounds					
Cleaning, repair and maintenance services	7,000	6,100	13,100	12,213	887
General supplies	3,000	(1,600)	1,400		1,400
Total undist. expend. - care and upkeep of grounds	<u>10,000</u>	<u>4,500</u>	<u>14,500</u>	<u>12,213</u>	<u>2,287</u>
Total undist. expend. - oper. & maint. of plant services	<u>483,211</u>	<u>(68,500)</u>	<u>414,711</u>	<u>347,296</u>	<u>67,415</u>
Undist. expend. - student transportation services					
Contract services - aid in lieu of payments	22,000	(8,000)	14,000	11,934	2,066
Contract services (other than bet. home & school) vendors	2,000		2,000		2,000
Contract services (bet. home & sch) joint agrmnts	306,000	110,000	416,000	400,679	15,321
Contract services (spec. ed. students) joint agrmnts	220,000	(162,000)	58,000	20,877	37,123
Total undist. expend. - student transportation services:	<u>550,000</u>	<u>(60,000)</u>	<u>490,000</u>	<u>433,490</u>	<u>56,510</u>
Unallocated benefits - employee benefits					
Social security contributions	40,000	6,000	46,000	39,001	6,999
Other retirement contributions - PERS	45,227	(6,000)	39,227	34,740	4,487
Unemployment compensation	30,000	(5,000)	25,000	10,000	15,000
Workmen's compensation	29,000		29,000	27,137	1,863
Health benefits	819,730	(11,600)	808,130	771,832	36,298
Tuition reimbursement	10,000		10,000	4,182	5,818
Other employee benefits	28,000	(15,000)	13,000	8,229	4,771
Total unallocated benefits - employee benefits	<u>1,001,957</u>	<u>(31,600)</u>	<u>970,357</u>	<u>895,121</u>	<u>75,236</u>
On-behalf contributions:					
On-behalf TPAF pensions contributions (non-budgeted)				180,657	(180,657)
On-behalf TPAF OPEB (post retire. medical) contrib. (non-budgeted)				215,113	(215,113)
Reimbursed TPAF social security contributions (non-budgeted)				156,410	(156,410)
Total on-behalf contributions				<u>552,180</u>	<u>(552,180)</u>
Total personal services - employee benefits	<u>1,001,957</u>	<u>(31,600)</u>	<u>970,357</u>	<u>1,447,301</u>	<u>(476,944)</u>
Total undistributed expenditures	<u>3,291,866</u>	<u>(174,511)</u>	<u>3,117,355</u>	<u>3,243,495</u>	<u>(126,140)</u>
Total general current expense	<u>5,615,292</u>	<u>(197,012)</u>	<u>5,418,280</u>	<u>5,375,242</u>	<u>43,038</u>
Equipment					
Health services					
Equipment		2,912	2,912	2,912	
Admin Inform Tech.					
Equipment		3,600	3,600	3,598	2
Total equipment		<u>6,512</u>	<u>6,512</u>	<u>6,510</u>	<u>2</u>
Facilities acquisition and construction					
Other professional/technical services	300	40,000	40,300	32,434	7,866
Construction services	35,370	150,500	185,870	19,756	166,114
Debt service assessment	3,130		3,130	3,130	
Total facilities acquisition and construction	<u>38,800</u>	<u>190,500</u>	<u>229,300</u>	<u>55,320</u>	<u>173,980</u>
Total capital outlay	<u>38,800</u>	<u>197,012</u>	<u>235,812</u>	<u>61,830</u>	<u>173,982</u>
Total expenditures	<u>5,654,092</u>		<u>5,654,092</u>	<u>5,437,072</u>	<u>217,020</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(263,812)</u>		<u>(263,812)</u>	<u>530,190</u>	<u>359,962</u>

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other financing sources (uses):					
Operating transfer out					
Transfer to food service fund - board contribution	(32,000)		(32,000)	(32,000)	
Transfer in from capital projects				10	10
Prior year receivables canceled				(40,453)	(40,453)
Total other financing sources	<u>(32,000)</u>		<u>(32,000)</u>	<u>(72,443)</u>	<u>(40,443)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	(295,812)		(295,812)	457,747	319,519
Fund balance, July 1	876,424		876,424	876,424	
Fund balance, June 30	<u>\$ 580,612</u>		<u>\$ 580,612</u>	<u>\$ 1,334,171</u>	<u>\$ 319,519</u>
Recapitulation:					
Restricted Fund Balance:					
Capital reserve				\$ 274,568	
Excess surplus				458,566	
Assigned Fund Balance:					
Year-end encumbrances				201,231	
Designated for subsequent year's expenditures				145,500	
Unassigned Fund Balance				254,306	
				<u>1,334,171</u>	
Reconciliation to governmental fund statements (GAAP):					
Last state aid payment not recognized on GAAP Basis				(249,361)	
Fund balance per governmental funds (GAAP)				<u>\$ 1,084,810</u>	

ELK TOWNSHIP BOARD OF EDUCATION
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 255,039		\$ 255,039	\$ 251,425	\$ 3,614
State sources	33,288		33,288	33,288	
Total revenues	<u>\$ 288,327</u>		<u>\$ 288,327</u>	<u>\$ 284,713</u>	<u>\$ 3,614</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ 52,249	\$ (4,283)	\$ 47,966	\$ 47,966	
Other salaries for instruction	2,495		2,495	2,495	
Purchased professional - educational services	3,597		3,597	3,597	
Other purchased services	165,953		165,953	165,953	
Supplies and materials	4,671		4,671	4,671	
Total instruction	<u>228,965</u>	<u>(4,283)</u>	<u>224,682</u>	<u>224,682</u>	
Support services:					
Salaries of teachers	39,235		39,235	37,965	1,270
Personal services - employee benefits	3,005	4,283	7,288	7,011	277
Purchased professional - technical services	2,758		2,758	2,758	
Other purchased services	13,284		13,284	11,217	2,067
Supplies and materials	1,080		1,080	1,080	
Total support services	<u>59,362</u>	<u>4,283</u>	<u>63,645</u>	<u>60,031</u>	<u>3,614</u>
Total expenditures	<u>\$ 288,327</u>		<u>\$ 288,327</u>	<u>\$ 284,713</u>	<u>\$ 3,614</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

ELK TOWNSHIP BOARD OF EDUCATION
 Required Supplementary Information
 Budget-to-GAAP Reconciliation
 Note to RSI
 For the Fiscal Year Ended June 30, 2016

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

	General Fund	Special Revenue Fund
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	\$ 5,967,262	\$ 284,713
Difference - budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	238,022	5,187
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the following year.	(249,361)	(4,177)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - Governmental Funds.	\$ 5,955,923	\$ 285,723
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 5,437,072	\$ 284,713
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - Governmental Funds.	\$ 5,437,072	\$ 284,713

REQUIRED SUPPLEMENTARY INFORMATION - PART III

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)

ELK TOWNSHIP SCHOOL DISTRICT
 Schedule of the District's Proportionate Share of the Net Pension Liability - PERS
 Last Two Fiscal Years

	Fiscal Year Ended	
	June 30, 2015	June 30, 2016
District's proportion of the net pension liability (asset)	0.0043862970%	0.0040281167%
District's proportionate share of the net pension liability (asset)	\$ 821,235	\$ 904,231
District's covered-employee payroll	281,230	379,591
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	292.02%	238.21%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%
Measurement Date	June 30, 2014	June 30, 2015

ELK TOWNSHIP SCHOOL DISTRICT
 Schedule of District Contributions - PERS
 Last Two Fiscal Years

	Fiscal Year Ended	
	<u>June 30, 2015</u>	<u>June 30, 2016</u>
Contractually required contribution	\$ 36,160	\$ 34,631
Contributions in relation to the contractually required contribution	<u>36,160</u>	<u>34,631</u>
Contribution deficiency (excess)	<u>None</u>	<u>None</u>
District's covered-employee payroll	\$ 281,230	\$ 379,591
Contributions as a percentage of covered-employee payroll	12.86%	9.12%
Measurement Date	June 30, 2014	June 30, 2015

ELK TOWNSHIP SCHOOL DISTRICT
 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF
 Last Two Fiscal Years

	Fiscal Year Ended	
	June 30, 2015	June 30, 2016
District's proportion of the net pension liability (asset)	0.0221860914%	0.0214053210%
District's proportionate share of the net pension liability (asset)	\$ 11,857,744	\$ 13,529,077
District's covered-employee payroll	2,222,062	2,114,426
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	533.64%	639.85%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%
Measurement Date	June 30, 2014	June 30, 2015

The data in the above schedule represents the allocation of the State of New Jersey's obligation on behalf of the District.

The Teachers' Pension and Annuity Fund (TPAF) On-behalf Payments is a Cost Sharing, Multi-Employer Defined Benefit Plan with a Special Funding Situation – 100% Legal Obligation of the State of New Jersey (State).

Since the State is the only entity with a legal obligation, the District's proportionate share percentage determined under paragraph 48 of GASB No. 68 is zero percent. Accordingly, the District did not recognize any portion of the TPAF collective net pension liability on the Statement of Net Position (A-1). Also on the A-1, and for the same reasons, the District did not recognize any portion of TPAF collective deferred outflows of resources and TPAF deferred inflows of resources.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III

**ELK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

NOTE 1: CONTRIBUTIONS

The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The District's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

NOTE 2: ACTUARIAL ASSUMPTIONS

The collective total pension liability for the June 30, 2015, measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions:

Inflation rate	3.04%
Salary increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pension and Benefits financial report at: <http://www.nj.gov/treasury/pensions/employer-home.shtml>.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

ELK TOWNSHIP BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues, and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	Total Brought Forward (Exhibit E-1a)	Title I Part A	Title I Part A Carryover	Title II Part A	Title II Part A Carryover	Total
REVENUES:						
Federal sources	\$ 130,353	\$ 102,968	\$ 3,597	\$ 14,087	\$ 420	\$ 251,425
State sources	33,288					33,288
Total revenues	<u>\$ 163,641</u>	<u>\$ 102,968</u>	<u>\$ 3,597</u>	<u>\$ 14,087</u>	<u>\$ 420</u>	<u>\$ 284,713</u>
EXPENDITURES:						
Instruction:						
Salaries of teachers	\$ 47,966					\$ 47,966
Other salaries for instruction	2,495					2,495
Purchased professional - educational services			\$ 3,597			3,597
Other purchased services	104,269	\$ 61,684				165,953
Supplies and materials	172	4,499				4,671
Total instruction	<u>154,902</u>	<u>66,183</u>	<u>3,597</u>			<u>224,682</u>
Support services:						
Salaries of teachers		34,335		\$ 3,240	\$ 390	37,965
Personal services - employees benefits	4,283	2,450		248	30	7,011
Purchased professional - technical services	2,758					2,758
Other purchased services	1,698			9,519		11,217
Supplies and materials				1,080		1,080
Total support services	<u>8,739</u>	<u>36,785</u>		<u>14,087</u>	<u>420</u>	<u>60,031</u>
Total expenditures	<u>\$ 163,641</u>	<u>\$ 102,968</u>	<u>\$ 3,597</u>	<u>\$ 14,087</u>	<u>\$ 420</u>	<u>\$ 284,713</u>

ELK TOWNSHIP BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues, and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	Race to the Top	IDEA Preschool	Rural Education Achievement Program	IDEA Basic	Preschool Education Aid (Exhibit E-2)	Title III	Total Carried Forward
REVENUES:							
Federal sources	\$ 903	\$ 2,758	\$ 21,456	\$ 104,269		\$ 967	\$ 130,353
State sources					\$ 33,288		33,288
Total revenues	<u>\$ 903</u>	<u>\$ 2,758</u>	<u>\$ 21,456</u>	<u>\$ 104,269</u>	<u>\$ 33,288</u>	<u>\$ 967</u>	<u>\$ 163,641</u>
EXPENDITURES:							
Instruction:							
Salaries of teachers			\$ 17,173		\$ 30,793		\$ 47,966
Other salaries for instruction					2,495		2,495
Other purchased services				\$ 104,269			104,269
General supplies						172	172
Total instruction			<u>17,173</u>	<u>104,269</u>	<u>33,288</u>	<u>172</u>	<u>154,902</u>
Support services:							
Personal services - employees benefits			4,283				4,283
Purchased professional - technical services		\$ 2,758					2,758
Other purchased services	\$ 903					795	1,698
Total support services	<u>903</u>	<u>2,758</u>	<u>4,283</u>			<u>795</u>	<u>8,739</u>
Total expenditures	<u>\$ 903</u>	<u>\$ 2,758</u>	<u>\$ 21,456</u>	<u>\$ 104,269</u>	<u>\$ 33,288</u>	<u>\$ 967</u>	<u>\$ 163,641</u>

ELK TOWNSHIP BOARD OF EDUCATION
 Special Revenue Fund
 Preschool Education Aid Schedule of Expenditures -
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2016

	Budgeted	Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of teachers	\$ 30,793	\$ 30,793	
Purchased professional - education service	2,495	2,495	
	33,288	33,288	
Total instruction			
	33,288	33,288	
Total expenditures	\$ 33,288	\$ 33,288	

CALCULATION OF BUDGET & CARRYOVER

Total revised 2015-2016 Preschool Education Aid Allocation	\$ 33,288	
Add: Actual ECPA Carryover (June 30, 2015)	1	
Total Preschool Education Aid Funds Available for 2015-2016 Budget	33,289	
Less: 2015-2016 budgeted Preschool Education Aid (including prior year budgeted carryover)	(33,288)	
Available and unbudgeted Preschool Education Aid Funds as of June 30, 2016	1	
Add: June 30, 2016 Unexpended Preschool Education Aid	None	
2015-2016 Carryover - Preschool Education Aid	\$ 1	
2015-2016 Preschool Education Aid carryover budgeted for Preschool Program in 2016-2017	\$ 1	

CAPITAL PROJECTS FUND

ELK TOWNSHIP BOARD OF EDUCATION
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 For the Fiscal Year Ended June 30, 2016

Project Title/Issue	Approval Date	Revised Budgetary Appropriation	GAAP		Unexpended Appropriations June 30, 2016
			Prior Year	Expenditures to Date Current Year	
Aura Elementary School Renovations	6/26/08	\$ 1,750,578	\$ 1,747,198	None	\$ 3,380

ELK TOWNSHIP BOARD OF EDUCATION
 Capital Projects Fund
 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budgetary Basis
 For the Year Ended June 30, 2016

Revenues and other financing sources	
Interest earnings	<u>\$ 10</u>
Expenditures and other financing uses	
Transfer to general fund	<u> 10</u>
Total expenditures	<u> 10</u>
Excess (deficiency) of revenues over (under) expenditures	None
Fund balance - beginning	<u> 3,380</u>
Fund balance - ending	<u><u>\$ 3,380</u></u>

ELK TOWNSHIP BOARD OF EDUCATION
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Aura Elementary School Renovations
 From Inception and for the Year Ended June 30, 2016

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

PROPRIETARY FUNDS

ELK TOWNSHIP BOARD OF EDUCATION
Enterprise Funds
Combining Schedule of Net Position
For the Fiscal Year Ended June 30, 2016

	Food Service Fund	Childcare	Total FY 2016
ASSETS			
Cash and cash equivalents	\$ 70,535	\$ 118,176	\$ 188,711
Accounts receivable:			
Federal and state	10,163		10,163
Other receivables	32,764		32,764
Inventory	4,243		4,243
Interfund accounts receivable	12,554		12,554
Capital assets, net	10,810		10,810
Total assets	<u>141,069</u>	<u>118,176</u>	<u>259,245</u>
LIABILITIES			
Deferred revenue	1,653		1,653
Deposits payable	1,400		1,400
Accounts payable		65	65
Interfund payable		3,142	3,142
Total current liabilities	<u>3,053</u>	<u>3,207</u>	<u>6,260</u>
NET POSITION			
Investment in capital assets	10,810		10,810
Unrestricted	127,206	114,969	242,175
Total net position	<u>\$ 138,016</u>	<u>\$ 114,969</u>	<u>\$ 252,985</u>

ELK TOWNSHIP BOARD OF EDUCATION
Enterprise Funds
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2016

	Food Service Fund	Childcare	Total FY 2016
Operating Revenues:			
Charges for services			
Daily sales - reimbursable programs	\$ 23,705		\$ 23,705
Daily sales - non-reimbursable programs	18,585		18,585
Tuition		\$ 40,164	40,164
Special functions	1,932		1,932
Total operating revenue	<u>44,222</u>	<u>40,164</u>	<u>84,386</u>
Operating expenses:			
Salaries	39,998	13,983	53,981
Employee benefits	7,922		7,922
Other purchased services	16,038		16,038
Supplies and materials	4,954	392	5,346
Cost of sales	39,127		39,127
Depreciation	958		958
Miscellaneous	100		100
Total operating expenses	<u>109,097</u>	<u>14,375</u>	<u>123,472</u>
Operating income (loss)	<u>(64,875)</u>	<u>25,789</u>	<u>(39,086)</u>
Non-operating revenues (expenses):			
Interest earned	219		219
State sources:			
State school lunch program	1,200		1,200
Federal sources:			
School breakfast program	10,170		10,170
National school lunch program	48,036		48,036
School milk program	676		676
Food distribution program commodities	11,290		11,290
Total non-operating revenues (expenses)	<u>71,591</u>		<u>71,591</u>
Income (loss) before operating transfers	6,716	25,789	32,505
Transfers in (out)	32,000		32,000
Change in net position	<u>38,716</u>	<u>25,789</u>	<u>64,505</u>
Total net position - beginning	<u>99,300</u>	<u>89,180</u>	<u>188,480</u>
Total net position - ending	<u>\$ 138,016</u>	<u>\$ 114,969</u>	<u>\$ 252,985</u>

ELK TOWNSHIP BOARD OF EDUCATION
Enterprise Funds
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2016

	Food Service Fund	Childcare	Total FY 2016
Cash flows from operating activities:			
Receipts from customers	\$ 46,350	\$ 40,164	\$ 86,514
Payments to employees	(39,998)	(17,056)	(57,054)
Payments for employee benefits	(7,922)		(7,922)
Payments to suppliers	(52,058)	(409)	(52,467)
Net cash provided by (used for) operating activities	<u>(53,628)</u>	<u>22,699</u>	<u>(30,929)</u>
Cash flows from non-capital financing activities:			
Payments from general fund	46,133		46,133
Due from general fund	(32,000)		(32,000)
Federal and state reimbursements	41,510		41,510
Net cash provided by non-capital financing activities	<u>55,643</u>		<u>55,643</u>
Cash flows from investing activities			
Interest earned	219		219
Net cash provided by investing activities	<u>219</u>		<u>219</u>
Net increase in cash and cash equivalents	2,234	22,699	24,933
Balance - beginning of year	68,301	95,477	163,778
Balance - end of year	<u>\$ 70,535</u>	<u>\$ 118,176</u>	<u>\$ 188,711</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (64,875)	\$ 25,789	\$ (39,086)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	958		958
Food distribution program	11,290		11,290
(Increase) decrease in other receivables	(644)		(644)
(Increase) decrease in inventory	(1,032)		(1,032)
Increase(decrease) in deferred revenue	777		777
Increase(decrease) in deposits payable	66		66
Increase(decrease) in accounts payable		49	49
Increase (decrease) in interfund payable	(168)	(3,139)	(3,307)
Net cash provided by (used for) operating activities	<u>\$ (53,628)</u>	<u>\$ 22,699</u>	<u>\$ (30,929)</u>

ELK TOWNSHIP BOARD OF EDUCATION
Internal Service Fund
Combining Schedule of Net Position
For the Fiscal Year Ended June 30, 2016

	Custodial Services
ASSETS	
Current assets:	
Cash in bank	\$ 1,248
LIABILITIES	
Accounts payable	223
NET POSITION	
Unrestricted	\$ 1,025

ELK TOWNSHIP BOARD OF EDUCATION
Internal Service Fund
Combining Schedule of Revenues, Expenses,
and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2016

	Custodial Services
Operating revenues:	
Services provided to other governmental entities	\$ 3,239
Operating expenses:	
Salaries	4,331
Total operating expenses	4,331
Change in net position	(1,092)
Total net position - beginning	2,117
Total net position - ending	\$ 1,025

ELK TOWNSHIP BOARD OF EDUCATION
Internal Service Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2016

	<u>Custodial Services</u>
Cash flows from operating activities:	
Receipts from customers	\$ 3,239
Payments to employees	(4,276)
	<u>(1,037)</u>
Net cash provided by (used for) operating activities	(1,037)
Net increase (decrease) in cash and cash equivalents	(1,037)
Balance - beginning of year	2,285
Balance - end of year	<u>\$ 1,248</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (1,092)
Increase(decrease) in accounts payable	55
	<u>\$ (1,037)</u>

FIDUCIARY FUNDS

ELK TOWNSHIP BOARD OF EDUCATION
Combining Statement of Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016

	Trust		Agency		Total FY 2016
	Unemployment Compensation Trust	Scholarship Fund	Student Activities	Payroll	
ASSETS					
Cash and cash equivalents	\$ 6,143	\$ 1,183	\$ 10,906	\$ 752	\$ 18,984
Accounts receivable	762				762
Total assets	<u>\$ 6,905</u>	<u>\$ 1,183</u>	<u>\$ 10,906</u>	<u>\$ 752</u>	<u>19,746</u>
LIABILITIES					
Payroll deductions and withholdings				\$ 752	752
Due to student groups			\$ 10,906		10,906
Total liabilities			<u>\$ 10,906</u>	<u>\$ 752</u>	<u>11,658</u>
NET POSITION					
Held in trust for unemployment claims	\$ 6,905				6,905
Nonexpendable trust		\$ 1,183			1,183
Total net position	<u>\$ 6,905</u>	<u>\$ 1,183</u>			<u>\$ 8,088</u>

ELK TOWNSHIP BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Position
Trust Funds
For the Fiscal Year Ended June 30, 2016

	Unemployment Compensation Trust	Scholarship Fund	Total FY 2016
ADDITIONS:			
Contributions:			
Plan member	\$ 7,702		\$ 7,702
District	10,000		10,000
Total contributions	<u>17,702</u>		<u>17,702</u>
Investment earnings:			
Interest	10	\$ 4	14
Total additions	<u>17,712</u>	<u>4</u>	<u>17,716</u>
DEDUCTIONS:			
Unemployment claims	17,400		17,400
Total deductions	<u>17,400</u>		<u>17,400</u>
Change in net position	312	4	316
Net position - beginning	6,593	1,180	7,773
Net position - end	<u>\$ 6,905</u>	<u>\$ 1,184</u>	<u>\$ 8,089</u>

ELK TOWNSHIP BOARD OF EDUCATION
 Student Activity Agency Fund -
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
ACTIVITIES:				
Aura School	\$ 7,110	\$ 24,595	\$ 20,799	\$ 10,906

ELK TOWNSHIP BOARD OF EDUCATION
 Payroll Agency Fund -
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS				
Cash and cash equivalents	\$ 708	\$ 2,954,144	\$ 2,954,100	\$ 752
Total assets	<u>\$ 708</u>	<u>\$ 2,954,144</u>	<u>\$ 2,954,100</u>	<u>\$ 752</u>
LIABILITIES				
Accrued salaries and wages		\$ 1,581,351	\$ 1,581,351	
Payroll deductions and withholdings	\$ 708	1,372,793	1,372,749	\$ 752
Total liabilities	<u>\$ 708</u>	<u>\$ 2,954,144</u>	<u>\$ 2,954,100</u>	<u>\$ 752</u>

LONG-TERM DEBT

ELK TOWNSHIP BOARD OF EDUCATION
 Schedule of Serial Bonds
 June 30, 2016

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2015	Retired	Balance June 30, 2016
			Date	Amount				
Aura School/Grounds Renovations	7/15/08	\$ 1,750,000	7/15/17-21	\$130,000	4.250%	\$1,195,000	\$130,000	\$1,065,000
			7/15/22	140,000	4.250%			
			7/15/23	145,000	4.375%			

ELK TOWNSHIP BOARD OF EDUCATION
 Schedule of Obligations Under Capital Leases
 For the Fiscal Year Ended June 30, 2016

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance	
			Principle	Interest		June 30, 2015	Retired
Pickup truck	9/13/2011	5 Years	\$ 28,340	\$ 2,774	4.90%	\$ 5,932	\$ 5,932
Chromebooks	8/15/2013	3 Years	69,744	3,583	5.09%	23,169	23,169
						<u>\$ 29,101</u>	<u>\$ 29,101</u>

ELK TOWNSHIP BOARD OF EDUCATION
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 103,469		\$ 103,469	\$ 103,469	
State sources:					
Debt service aid type II	74,737		74,737	74,737	
Total revenues	<u>178,206</u>		<u>178,206</u>	<u>178,206</u>	
EXPENDITURES:					
Regular debt service:					
Interest	48,206		48,206	48,206	
Redemption of principal	130,000		130,000	130,000	
Total expenditures	<u>178,206</u>		<u>178,206</u>	<u>178,206</u>	
Excess (deficiency) of revenues over (under) expenditures					
Fund balance, July 1	5		5	5	
Fund balance, June 30	<u>\$ 5</u>		<u>\$ 5</u>	<u>\$ 5</u>	

**STATISTICAL SECTION
(Unaudited)**

ELK TOWNSHIP SCHOOL DISTRICT
Statistical Section

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	108-115
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	116-119
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	120-123
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	124-125
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	126-130

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

ELK TOWNSHIP BOARD OF EDUCATION
Net Position by Component
Last Ten Fiscal Years
Unaudited

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Invested in capital assets, net of related debt	\$ 1,687,501	\$ 206,296	\$ 1,809,749	\$ 2,289,560	\$ 2,238,938	\$ 2,195,725	\$ 2,250,655	\$ 2,169,289	\$ 2,138,946	\$ 2,096,843
Restricted	347,481	2,256,182	1,153,832	481,780	855,910	993,766	878,670	634,209	607,856	1,083,250
Unrestricted	283,143	190,814	(33,070)	(76,070)	(25,649)	(121,764)	(127,673)	(75,247)	(1,024,838)	(1,028,413)
Total governmental activities net position	<u>\$ 2,318,125</u>	<u>\$ 2,653,292</u>	<u>\$ 2,930,511</u>	<u>\$ 2,695,270</u>	<u>\$ 3,069,199</u>	<u>\$ 3,067,727</u>	<u>\$ 3,001,652</u>	<u>\$ 2,728,251</u>	<u>\$ 1,721,964</u>	<u>\$ 2,151,680</u>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 11,702	\$ 10,118	\$ 8,841	\$ 7,431	\$ 13,230	\$ 17,104	\$ 14,871	\$ 12,999	\$ 11,768	\$ 10,810
Unrestricted	(495)	19,332	19,779	24,599	31,710	49,483	60,543	113,467	176,712	242,175
Total governmental activities net position	<u>\$ 11,207</u>	<u>\$ 29,450</u>	<u>\$ 28,620</u>	<u>\$ 32,030</u>	<u>\$ 44,940</u>	<u>\$ 66,587</u>	<u>\$ 75,414</u>	<u>\$ 126,466</u>	<u>\$ 188,480</u>	<u>\$ 252,985</u>
District-wide:										
Invested in capital assets, net of related debt	\$ 1,699,203	\$ 216,414	\$ 1,818,590	\$ 2,296,991	\$ 2,252,168	\$ 2,212,829	\$ 2,265,526	\$ 2,182,288	\$ 2,150,714	\$ 2,107,653
Restricted	347,481	2,256,182	1,153,832	481,780	855,910	993,766	878,670	634,209	607,856	1,083,250
Unrestricted	282,648	210,146	(13,291)	(51,471)	6,061	(72,281)	(67,130)	38,220	(848,126)	(786,238)
Total district-wide net position	<u>\$ 2,329,332</u>	<u>\$ 2,682,742</u>	<u>\$ 2,959,131</u>	<u>\$ 2,727,300</u>	<u>\$ 3,114,139</u>	<u>\$ 3,134,314</u>	<u>\$ 3,077,066</u>	<u>\$ 2,854,717</u>	<u>\$ 1,910,444</u>	<u>\$ 2,404,665</u>

Source: District records.

ELK TOWNSHIP BOARD OF EDUCATION
 Changes in Net Position
 Last Ten Fiscal Years
 Unaudited

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 1,134,363	\$ 2,057,323	\$ 2,255,231	\$ 2,416,307	\$ 1,518,029	\$ 1,635,316	\$ 1,670,014	\$ 1,701,843	\$ 1,846,653	\$ 1,665,514
Special education	649,867	244,042	463,190	471,806	506,028	543,727	503,887	548,104	600,813	525,692
Other special instruction	226,276	621,397	367,528	473,059	140,666	114,200	175,643	179,045	162,459	114,304
Other instruction		3,977	5,022	8,065	12,396	13,379	18,256	32,368	39,615	28,690
Support services:										
Tuition	107,233	34,374	88,370	189,710	236,184	177,061	182,979	206,930	214,315	99,616
Student & instructional related services	482,103	682,920	660,251	710,587	497,486	550,064	587,307	645,071	650,703	606,004
School administration services	276,782	246,359	250,464	233,479	166,393	181,412	177,742	120,174	152,562	124,419
General & business administrative services	166,221	455,470	338,441	325,861	253,659	258,720	259,619	286,205	303,872	251,928
Plant operations & maintenance	371,268	513,518	473,721	481,198	381,382	387,251	336,384	434,181	366,163	355,016
Pupil transportation	376,006	398,689	347,231	340,483	263,367	352,529	460,161	546,722	514,572	433,490
Unallocated benefits	1,217,941				1,086,946	1,288,605	1,303,994	1,237,419	1,306,877	1,405,894
Special schools					1,958					
Capital outlay	193,001		89,126		3,076	35,409	2,029	72,874	3,130	55,320
Interest on long-term debt	26,355	36,224	6,869	67,397	93,070	68,749	62,950	56,609	50,023	45,674
Amortization of bond issue costs			1,657	1,657	1,657	1,657	1,657	1,657	1,657	1,657
Unallocated depreciation	159,314	27,032	36,157	64,941	194,401	190,940	203,407	204,832	204,556	207,714
Total governmental activities expenses	5,386,730	5,321,325	5,383,258	5,784,550	5,356,698	5,799,019	5,946,029	6,274,034	6,417,970	5,920,932
Business-type activities:										
Food service	208,814	182,948	177,622	169,098	152,982	164,136	174,829	127,683	121,299	109,097
Childcare					13,340	10,886	14,222	16,820	16,221	14,375
Total business-type activities expenses	208,814	182,948	177,622	169,098	152,982	175,022	189,051	144,503	137,520	123,472
Total district-wide expenses	\$ 5,595,544	\$ 5,504,273	\$ 5,560,880	\$ 5,953,648	\$ 5,509,680	\$ 5,974,041	\$ 6,135,080	\$ 6,418,537	\$ 6,555,490	\$ 6,044,404

ELK TOWNSHIP BOARD OF EDUCATION
Changes in Net Position
Last Ten Years
Unaudited

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program revenues:										
Governmental activities:										
Charges for services		\$ 21,934	\$ 23,936	\$ 33,296	\$ 6,150	\$ 5,921	\$ 5,095	\$ 4,388	\$ 4,046	\$ 3,239
Operating grants & contributions	\$ 569,702	598,201	326,873	365,988	330,028	325,318	277,986	258,464	329,471	285,723
Total governmental activities program revenues	569,702	620,135	350,809	399,284	336,178	331,239	283,081	262,852	333,517	288,962
Business-type activities:										
Charges for services:										
Food service	63,679	68,487	66,763	61,670	57,367	58,327	67,008	47,777	44,284	44,222
Childcare					21,265	20,976	33,030	37,697	47,701	40,164
Operating grants & contributions	65,717	66,421	68,888	76,788	78,512	84,690	79,779	78,038	75,528	71,372
Total business-type activities revenues	129,396	134,908	135,651	138,458	157,144	163,993	179,817	163,512	167,513	155,758
Total district program revenues	\$ 699,098	\$ 755,043	\$ 486,460	\$ 537,742	\$ 493,322	\$ 495,232	\$ 462,898	\$ 426,364	\$ 501,030	\$ 444,720
Net (expense)/revenue:										
Governmental activities	\$ (4,817,028)	\$ (4,701,190)	\$ (5,032,449)	\$ (5,385,266)	\$ (5,020,520)	\$ (5,467,780)	\$ (5,662,948)	\$ (6,011,182)	\$ (6,084,453)	\$ (5,631,970)
Business-type activities	(79,418)	(48,040)	(41,971)	(30,640)	4,162	(11,029)	(9,234)	19,009	29,993	32,286
Total district-wide net expense	\$ (4,896,446)	\$ (4,749,230)	\$ (5,074,420)	\$ (5,415,906)	\$ (5,016,358)	\$ (5,478,809)	\$ (5,672,182)	\$ (5,992,173)	\$ (6,054,460)	\$ (5,599,684)
General revenues & other changes in net assets:										
Governmental activities:										
Property taxes levied for general purposes	\$ 1,846,000	\$ 1,919,840	\$ 1,996,634	\$ 2,103,308	\$ 2,247,237	\$ 2,332,830	\$ 2,369,005	\$ 2,415,831	\$ 2,652,801	\$ 2,763,747
Taxes levied for debt service	194,845	179,916	174,559	224,003	117,863	119,902	116,539	109,887	106,678	103,469
Unrestricted grants & contributions	2,778,718	2,895,668	2,900,211	2,708,106	2,739,306	2,978,663	3,032,415	3,065,739	3,143,232	3,208,109
Tuition received	1,621	54,949	37,597	127,022	290,769	51,320	78,610	115,521	211,209	48,854
Transportation fees	74,164									
Investment earnings	30,110	36,136	26,367	7,305	7,917	9,579	4,832	3,497	2,942	4,349
Miscellaneous income	8,087	16,850	30,544	14,281	11,357	8,264	14,466	59,306	4,003	5,611
Transfers	(3,771)	(66,000)	(41,000)	(34,000)	(20,000)	(27,000)	(18,000)	(32,000)	(104,501)	(32,000)
Loss on disposal of assets						(7,249)				
Proceeds from capital lease	65,000									
Bonds authorized not issued		578								
Interest expense		(1,579)								
Prior year asset correction			184,756							
Prior year receivable canceled							(994)			(40,453)
Total governmental activities	4,994,774	5,036,358	5,309,668	5,150,025	5,394,449	5,466,309	5,596,873	5,737,781	6,016,364	6,061,686

ELK TOWNSHIP BOARD OF EDUCATION
Changes in Net Position
Last Ten Fiscal Years
Unaudited

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Miscellaneous income	7	282	141	50	75	86	61	43	21	219
Investment earnings	149									
Loss on retirement of asset	(8,643)				(1,266)					
Contributed capital - fixed assets					3,279	5,590				
Transfers	3,771	66,000	41,000	34,000	20,000	27,000	18,000	32,000	32,000	32,000
Total business-type activities	(4,716)	66,282	41,141	34,050	22,088	32,676	18,061	32,043	32,021	32,219
Total district-wide	\$ 4,990,058	\$ 5,102,640	\$ 5,350,809	\$ 5,184,075	\$ 5,416,537	\$ 5,498,985	\$ 5,614,934	\$ 5,769,824	\$ 6,048,385	\$ 6,093,905
Change in net position:										
Governmental activities	\$ 177,746	\$ 335,168	\$ 277,219	\$ (235,241)	\$ 373,929	\$ (1,471)	\$ (66,075)	\$ (273,401)	\$ (68,089)	\$ 429,716
Business-type activities	(84,134)	18,242	(830)	3,410	26,250	21,647	8,827	51,052	62,014	64,505
Total district-wide	\$ 93,612	\$ 353,410	\$ 276,389	\$ (231,831)	\$ 400,179	\$ 20,176	\$ (57,248)	\$ (222,349)	\$ (6,075)	\$ 494,221

Source: District records.

ELK TOWNSHIP BOARD OF EDUCATION
 Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 Unaudited

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund:										
Restricted					\$ 634,430	\$ 889,364	\$ 433,497	\$ 353,780	\$ 354,080	\$ 733,134
Assigned					292,416	101,020	441,790	277,044	250,391	346,731
Unassigned					38,812	58,753	35,485	23,420	33,931	4,945
Reserved	\$ 412,705	\$ 555,762	\$ 814,306	\$ 503,949						
Unreserved	271,335	294,087	97,629	10,133						
Total general fund	<u>\$ 684,040</u>	<u>\$ 849,849</u>	<u>\$ 911,935</u>	<u>\$ 514,082</u>	<u>\$ 965,658</u>	<u>\$ 1,049,137</u>	<u>\$ 910,772</u>	<u>\$ 654,244</u>	<u>\$ 638,402</u>	<u>\$ 1,084,810</u>
All other governmental funds:										
Restricted										
Debt service fund					\$ 1	\$ 2	\$ 3	\$ 5	\$ 5	\$ 5
Capital projects fund					3,380	3,380	3,380	3,380	3,380	3,380
Unassigned										
Special revenue fund					(6,764)	(6,366)	(6,892)	(4,993)	(5,187)	(4,177)
Reserved			\$ 274,193	\$ 7,500						
Unreserved, reported in:										
Special revenue fund	\$ (14,229)	\$ (16,804)	(6,545)	(6,764)						
Capital projects fund	81,283	1,700,419	73,391	11,439						
Debt service fund		1	1	1						
Total all other governmental funds	<u>\$ 67,054</u>	<u>\$ 1,683,616</u>	<u>\$ 341,040</u>	<u>\$ 12,176</u>	<u>\$ (3,383)</u>	<u>\$ (2,984)</u>	<u>\$ (3,509)</u>	<u>\$ (1,608)</u>	<u>\$ (1,802)</u>	<u>\$ (792)</u>

Source: District records.

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Tax levy	\$ 2,040,845	\$ 2,099,756	\$ 2,171,193	\$ 2,327,311	\$ 2,365,100	\$ 2,452,732	\$ 2,485,544	\$ 2,525,718	\$ 2,759,479	\$ 2,867,216
Tuition charges	1,621	54,949	37,597	127,022	290,769	51,320	78,610	115,521	211,209	48,854
Transportation fees	74,164									
Interest earnings	30,110	36,136	26,367	7,305	7,917	9,579	4,832	3,497	2,941	4,349
Miscellaneous	3,645	38,784	53,710	14,834	12,683	16,764	16,881	59,306	5,003	5,611
State sources	2,919,329	3,228,293	2,966,378	2,436,874	2,798,264	2,952,749	3,079,311	3,104,520	3,164,035	3,228,690
Federal sources	287,025	265,576	260,206	636,667	269,744	342,732	228,675	219,683	307,668	265,142
Total revenue	5,356,739	5,723,494	5,515,451	5,550,013	5,744,477	5,825,876	5,893,853	6,028,245	6,450,335	6,419,862
Expenditures:										
Instruction:										
Regular instruction	1,068,691	1,448,198	1,579,201	1,698,581	1,506,904	1,604,871	1,666,784	1,767,585	1,858,416	1,687,805
Special education instruction	649,867	175,962	341,042	336,082	505,759	543,823	506,165	548,144	600,633	524,962
Other	222,826	480,879	272,051	318,490	139,946	131,827	175,468	179,220	161,784	114,972
School sponsored/other instructional	3,450	2,775	3,450	5,884	12,396	13,379	18,256	32,368	39,615	28,690
Total instruction	1,944,834	2,107,814	2,195,744	2,359,037	2,165,005	2,293,900	2,366,673	2,527,317	2,660,448	2,356,429
Undistributed:										
Instruction	107,233	34,374	88,370	189,710	236,184	177,061	182,979	206,930	214,315	99,616
Student & instruction related services	480,953	460,874	499,423	517,332	509,291	538,830	598,563	645,071	650,703	606,004
General administration services	156,406	169,288	148,930	127,098	91,632	95,916	109,976	93,308	97,348	99,745
School administrative services	152,771	160,240	165,572	174,713	164,994	169,286	174,873	131,762	146,749	120,350
Central services	141,760	150,411	142,246	145,826	152,695	148,619	151,809	144,840	150,851	112,744
Administration information technology	24,461	19,030	7,134	6,521	6,572	11,393	11,319	48,057	44,547	36,980
Operations and maintenance	263,451	427,736	377,702	389,797	371,307	394,589	375,489	433,960	355,965	347,296
Student transportation	387,683	370,697	342,302	343,772	278,367	367,529	465,300	546,722	514,572	433,490
Business and other support services:										
Employee benefits	711,186	756,222	789,915	867,536	746,908	888,788	831,959	823,054	870,960	895,121
On-behalf TPAF pension contribution	344,889	358,647	148,060	173,575	171,664	234,645	311,781	247,748	299,440	395,770
Reimbursed TPAF social security	161,866	172,578	182,169	191,773	167,716	162,131	162,343	176,340	152,685	156,410
Total undistributed	2,932,659	3,080,097	2,891,823	3,127,653	2,897,330	3,188,787	3,376,391	3,497,792	3,498,135	3,303,526

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Capital outlay	177,075	116,419	1,350,619	347,095	21,183	54,160	69,984	106,251	19,555	61,830
Special schools			6,869		1,958					
Debt service expenditures:										
Principal	315,000	290,000	290,000	285,000	126,000	135,000	135,000	130,000	130,000	130,000
Interest	26,355	29,792	19,886	123,945	76,984	71,491	65,701	59,256	53,732	48,206
Total expenditures	5,395,923	5,624,122	6,754,941	6,242,730	5,288,460	5,743,338	6,013,749	6,320,616	6,361,870	5,899,991
Excess (deficiency) of revenues over (under) expenditures	(39,184)	99,372	(1,239,490)	(692,717)	456,017	82,538	(119,896)	(292,371)	88,465	519,871
Other financing sources (uses):										
Proceeds from borrowing	256,000	1,750,578								
Extraordinary item		(1,579)								
Capital leases (non-budgeted)						28,340				
Prior year receivables canceled									(72,501)	(40,453)
Transfers out	(3,771)	(66,000)	(41,000)	(34,000)	(20,000)	(27,000)	(19,006)	(32,010)	(32,000)	(32,010)
Transfers in							12	69,754		10
Total other financing sources (uses)	252,229	1,682,999	(41,000)	(34,000)	(20,000)	1,340	(18,994)	37,744	(104,501)	(72,453)
Net change in fund balance	<u>\$ 213,045</u>	<u>\$ 1,782,371</u>	<u>\$ (1,280,490)</u>	<u>\$ (726,717)</u>	<u>\$ 436,017</u>	<u>\$ 83,878</u>	<u>\$ (138,890)</u>	<u>\$ (254,627)</u>	<u>\$ (16,036)</u>	<u>\$ 447,418</u>
Debt service as a percentage of noncapital expenditures	6.54%	5.81%	5.73%	6.94%	3.85%	3.63%	3.38%	3.05%	2.90%	3.05%

Source: District records.

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

Fiscal Year Ended June 30,	Refunds	Miscellaneous	Summer Program	Sale of Assets	Services Provided Other LEA's	Annual Totals
2007		\$ 3,645				\$ 3,645
2008	\$ 7,462	8,888			\$ 21,934	38,284
2009	11,515	19,029			22,666	53,210
2010	2,793	6,656		\$ 4,832		14,281
2011	2,574	5,737	\$ 3,046			11,357
2012	5,549	600	50	2,065		8,264
2013	12,471	1,995				14,466
2014	10,055	49,251				59,306
2015	309	4,694				5,003
2016	4,170	1,441				5,611
	<u>\$ 56,898</u>	<u>\$ 101,936</u>	<u>\$ 3,096</u>	<u>\$ 6,897</u>	<u>\$ 44,600</u>	<u>\$ 213,427</u>

Source: District records.

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farmland	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2007	23,642,500	301,100,300	24,557,900	4,295,700	25,429,300	1,137,400		380,163,100	1,126,105	381,289,205	326,320,260	0.542
2008	24,226,600	304,093,100	25,243,000	4,324,100	25,485,800	1,137,400		384,510,000	1,310,507	385,820,507	368,937,053	0.562
2009	23,663,000	311,873,900	25,622,600	4,369,000	27,731,500	1,137,400		394,397,400	1,421,103	395,818,503	368,937,053	0.588
2010	21,249,300	314,651,800	25,981,400	4,396,300	24,901,100	1,137,400		392,317,300	1,421,103	393,738,403	368,937,053	0.600
2011	21,291,000	317,066,800	26,197,200	4,501,700	26,812,600	1,137,400		397,006,700	1,406,464	398,413,164	391,638,213	0.604
2012	19,466,400	320,339,500	26,458,300	4,412,100	27,936,500	1,137,400		399,750,200	1,336,575	401,086,775	382,547,020	0.616
2013	14,151,800	275,989,300	23,117,900	4,313,700	31,157,500	1,189,200		349,919,400	1,231,905	351,151,305	374,101,341	0.801
2014	14,194,800	276,047,800	22,896,000	4,398,500	30,622,800	1,189,200		349,349,100	1,093,377	350,442,477	359,865,466	0.810
2015	14,240,600	277,730,900	22,274,100	4,378,200	30,307,000	1,189,200		350,120,000	1,109,178	351,229,178	360,723,805	0.816
2016	17,933,400	275,905,100	24,150,100	4,349,300	30,344,300	1,189,200		353,871,400	1,088,181	354,959,581	368,583,465	0.822

Source: Municipal Tax Assessor.

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

Fiscal Year Ended June 30,	Elk Township School District Direct Rate		Overlapping Rates			Total Direct and Overlapping Tax Rate	
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Delsea	Elk		Gloucester
				Regional School District	Township		County
2007	0.493	0.058	0.551	0.542	0.444	0.509	2.046
2008	0.508	0.054	0.562	0.558	0.512	0.567	2.199
2009	0.531	0.057	0.588	0.575	0.549	0.586	2.298
2010	0.570	0.030	0.600	0.613	0.549	0.596	2.358
2011	0.574	0.030	0.604	0.634	0.574	0.575	2.387
2012	0.586	0.030	0.616	0.658	0.642	0.565	2.481
2013	0.681	0.033	0.714	0.801	0.764	0.687	2.966
2014	0.775	0.035	0.810	0.838	0.794	0.681	3.123
2015	0.783	0.033	0.816	0.875	0.861	0.721	3.273
2016	0.791	0.031	0.822	0.922	0.876	0.750	3.370

Source: Municipal Tax Collector.

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

	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Individual Taxpayer 1	6,044,900	1.70%	1,014,100	0.27%
Laux Lakeview Park Inc.	4,142,000	1.17%	2,770,500	0.73%
Aura Development Group LLC	3,538,700			
SCP 2007-C27, LLC (CVS Caremark)	2,449,900	0.69%		
Clayton Associates	1,189,200	0.34%	1,048,000	0.27%
Copart of Connecticut Inc.	1,102,000	0.31%		
Verizon New Jersey	1,088,181	0.31%	1,126,105	0.30%
Western Oilfields Supply Co.	1,052,200	0.30%	725,000	0.19%
PCI REO 6 LLC	1,051,700	0.30%		
C & C Development Co LLC	1,047,400	0.30%		
Silvergate Associates			1,326,500	0.35%
Individual Taxpayer 2			785,000	0.21%
Individual Taxpayer 3			755,300	0.20%
Individual Taxpayer 4			752,200	0.20%
Richmond American Homes of PA, Inc.			669,800	0.18%
	22,706,181	5.40%	10,972,505	2.88%

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 2,040,845	\$ 2,040,845	100.00%	
2008	2,099,756	2,099,756	100.00%	
2009	2,171,193	2,171,193	100.00%	
2010	2,327,311	2,327,311	100.00%	
2011	2,365,100	2,365,100	100.00%	
2012	2,452,732	2,452,732	100.00%	
2013	2,485,544	2,485,544	100.00%	
2014	2,525,718	2,525,718	100.00%	
2015	2,759,479	2,759,479	100.00%	
2016	2,867,216	2,867,216	100.00%	

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

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

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases			
2007	\$ 966,000	\$ 65,000	\$ 1,031,000	0.67%	262
2008	2,426,000	55,000	2,481,000	1.51%	624
2009	2,136,000	45,000	2,181,000	1.33%	545
2010	1,851,000	30,000	1,881,000	1.07%	446
2011	1,725,000	15,000	1,740,000	0.96%	413
2012	1,590,000	22,117	1,612,117	0.87%	385
2013	1,455,000	16,978	1,471,978	0.78%	353
2014	1,325,000	56,889	1,381,889	0.71%	332
2015	1,195,000	29,101	1,224,101	N/A	295
2016	1,065,000		1,065,000	N/A	N/A

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2007	\$ 966,000		\$ 966,000	0.93%	246
2008	2,426,000		2,426,000	0.77%	610
2009	2,136,000		2,136,000	0.55%	533
2010	1,851,000		1,851,000	0.25%	439
2011	1,725,000		1,725,000	0.63%	410
2012	1,590,000		1,590,000	0.54%	380
2013	1,455,000		1,455,000	0.54%	349
2014	1,325,000		1,325,000	0.38%	318
2015	1,195,000		1,195,000	0.34%	288
2016	1,065,000		1,065,000	0.30%	N/A

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

ELK TOWNSHIP BOARD OF EDUCATION
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2016
 Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Township of Elk	\$ 2,632,250	100.00%	\$ 2,632,250
Delsea Regional High School District	10,341,000	22.00%	2,275,020
Gloucester County General Obligation Debt	239,760,175	1.44%	3,458,449
Subtotal, overlapping debt			8,365,719
Township of Elk School District			1,065,000
Total direct and overlapping debt			<u>\$ 9,430,719</u>

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

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

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

	<u>Equalized valuation basis</u>
	2013 \$ 358,670,972
	2014 358,196,555
	2015 363,006,739
	<u>\$ 1,079,874,266</u>
Average equalized valuation of taxable property	<u>\$ 359,958,089</u>
Debt limit (2.5% of average equalized value)	\$ 8,998,952
Total net debt applicable to limit	<u>1,065,000</u>
Legal debt margin	<u>\$ 7,933,952</u>

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 6,629,294	\$ 7,799,990	\$ 8,819,963	\$ 9,511,743	\$ 9,696,173	\$ 9,672,724	\$ 9,434,871	\$ 9,217,017	\$ 9,053,541	\$ 8,998,952
Total net debt applicable to limit	966,000	2,426,000	2,136,000	1,851,000	1,725,000	1,590,000	1,455,000	1,325,000	1,195,000	1,065,000
Legal debt margin	<u>\$ 5,663,294</u>	<u>\$ 5,373,990</u>	<u>\$ 6,683,963</u>	<u>\$ 7,660,743</u>	<u>\$ 7,971,173</u>	<u>\$ 8,082,724</u>	<u>\$ 7,979,871</u>	<u>\$ 7,892,017</u>	<u>\$ 7,858,541</u>	<u>\$ 7,933,952</u>
Total net debt applicable to the limit as a percentage of debt limit	14.57%	31.10%	24.22%	19.46%	17.79%	16.44%	15.42%	14.38%	13.20%	11.83%

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

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

Fiscal Year Ended June 30,	Population	Personal Income	Per Capita Personal Income *	Unemployment Rate
2007	3,932	\$ 153,780,520	\$ 39,110	4.7%
2008	3,974	164,150,044	41,306	6.1%
2009	4,005	164,168,955	40,991	9.0%
2010	4,216	175,014,592	41,512	9.5%
2011	4,208	181,932,880	43,235	9.3%
2012	4,189	185,958,088	44,392	9.5%
2013	4,174	187,875,914	45,011	9.5%
2014	4,167 *	194,194,701	46,603	14.9%
2015	4,156 *	N/A	N/A	6.6%
2016	N/A *	N/A	N/A	N/A

* Represents information for Gloucester County

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

N/A = at the time of CAFR completion, this data was not available.

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

Employer	2016		2007	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
Inspira Health	1,825	1.23%		
Kennedy Memorial Hospital	1,675	1.13%		
Washington Township School District	1,592	1.07%		
Rowan University	1,483	1.00%		
County of Gloucester	1,354	0.91%		
Missa Bay, LLC	950	0.64%		
Monroe Township School District	806	0.54%		
U.S. Foodservices	725	0.49%		
Exxon Mobil Research & Engineering	540	0.36%		
LaBrea Bakery	525	0.35%		
	11,475		N/A	N/A

Source: Gloucester County Department of Economic Development.

Note: The information provided is for the County of Gloucester; information at the municipal level is not readily available.

N/A = Information not available.

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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction:										
Regular	24.5	31.0	30.0	29.1	25.6	28.1	26.6	25.8	26.6	27.6
Special education/other special	9.5	12.5	13.5	13.5	8.0	13.2	7.4	9.0	9.4	5.4
Support services:										
Student & instruction related services	11	6.7	7.2	7.2	6.0	6.9	7.0	5.0	3.2	7.2
General administration	1.5	1.5	1.0	1.0	1.0	0.1	0.5	0.5	0.3	0.3
School administrative services	2	2.2	2.2	2.2	2.0	2.2	1.0	1.0	1.5	1.5
Business administrative/technology services	2	1.9	1.9	2.0	2.0	2.0	1.5	1.5	2.0	2.0
Plant operations & maintenance	9	6.5	6.0	6.0	13.7	6.5	4.0	4.0	5.0	5.0
Food service	1	0.2	0.2							
Total	<u>60.5</u>	<u>62.5</u>	<u>62.0</u>	<u>61.0</u>	<u>58.3</u>	<u>59.0</u>	<u>48.0</u>	<u>46.8</u>	<u>48.0</u>	<u>49.0</u>

Source: District Personnel Records.

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

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures (a)	Cost per Pupil	Percentage Change	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff (b)	Elementary				
2007	368	\$ 4,721,623	\$ 12,830	2.57%	34	1:11.3	368	353	0.82%	95.92%
2008	373	4,877,493	13,076	1.92%	37	1:11.1	377	360	2.45%	95.49%
2009	376	5,187,911	13,798	5.52%	36	1:11.2	377	361	0.00%	95.76%
2010	388	5,094,436	13,130	-4.84%	36	1:10.8	387	370	2.65%	95.61%
2011	388	5,486,690	14,141	7.70%	39	1:10.0	384	365	-0.72%	95.05%
2012	394	5,064,293	12,854	-9.10%	39	1:10.2	398	384	3.59%	96.48%
2013	388	5,482,687	14,131	9.94%	37	1:9.3	364	346	-8.54%	95.05%
2014	356	6,025,109	16,924	19.77%	36	1:9.6	354	335	-2.75%	94.63%
2015	354	6,158,583	17,397	2.79%	37	1:10.6	350	332	-1.13%	94.86%
2016	347	5,659,955	16,311	-6.24%	36	1:10.4	343	327	-2.00%	95.34%

Source: District records.

- Note: Enrollment based on annual October District count.
- a Operating expenditures equal total expenditures less debt service and capital outlay.
 - b Teaching staff includes only full-time equivalents of certificated staff.
 - c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

<u>Aura Elementary School</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>2016</u>
Square Feet	51,532	51,532	51,532	51,532	51,532	51,532	51,532	51,532	51,532	51,532
Capacity (students)	522	522	522	522	522	522	522	522	522	522
Enrollment	368	373	376	388	384	398	388	356	354	347

Number of Schools at June 30, 2016
 Elementary = 1

Source: District Office.

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

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

* School Facilities	Gross Square Footage	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
Aura School	51,532	\$ 120,293	\$ 95,891	\$ 28,593	\$ 51,867	\$ 19,770	\$ 46,424	\$ 42,425	\$ 88,851	\$ 46,084	\$ 45,282	\$ 585,480

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

ELK TOWNSHIP BOARD OF EDUCATION
Insurance Schedule
June 30, 2016
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Selective Insurance Company of America		
Property/Inland Marine/Auto Physical Damage	\$ 150,000,000	\$ 500
Crime	500,000	500
General Liability/Auto Liability	20,000,000	
Workmen's Compensation	Statutory	
Educator's Legal Liability	20,000,000	
Firemans' Fund Insurance Company		
Commercial Umbrella	50,000,000	
Lexington Insurance Company, Inc.		
Cyber Liability	1,000,000	25,000
Lloyd's of London		
Violent Malicious Acts	1,000,000	15,000
Travelers Insurance Company		
Boiler & Machinery	125,000,000	1,000
Commerce and Industry Insurance Company		
Commercial Pollution and Mold Legal Liability	3,000,000	25,000
Public Employees' Faithful Performance Bonds -		
Selective Insurance Company of America		
Surety Bond - Treasurer	161,000	
Surety Bond - Board Secretary/Business Administrator	20,000	

Source: District records.

SINGLE AUDIT SECTION

PETRONI & ASSOCIATES LLC

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

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

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

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

Honorable President and
Members of the Board of Education
Elk Township School District
900 Clems Run
Glassboro, New Jersey 08028

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 Elk Township School District, in the County of Gloucester, State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Elk Township School District's basic financial statements, and have issued our report thereon dated November 8, 2016.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies 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 Elk Township School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, which are described in the accompanying schedule of findings and questioned costs as item 2016-001 and 2016-002.

Response to Findings

Elk Township School District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Elk Township School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly we express no opinion on it.

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.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542
Glassboro, New Jersey

November 8, 2016

PETRONI & ASSOCIATES LLC

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

MEMBER: AMERICAN INSTITUTE OF
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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
REQUIRED BY UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES,
AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE),
AND NEW JERSEY OMB'S CIRCULAR 15-08**

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Elk Township School District
900 Clems Run
Glassboro, New Jersey 08028

Report on Compliance for Each Major State Program

We have audited the Elk Township School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Elk Township School District's major state programs for the year ended June 30, 2016. Elk Township School District'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 its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Elk Township School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200 - Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards (Uniform Guidance), and the *New Jersey State Aid/Grant Compliance Supplement, Audits of States, Local Governments, and Non-Profit Organizations* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB's Circular 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 Elk Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, Elk Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of Elk Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Elk Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with Uniform Guidance and New Jersey OMB's Circular 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 Elk Township School District's internal control over compliance.

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

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

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

**Report on Schedules of Expenditures of Federal Awards and State Financial Assistance
Required by Uniform Guidance and New Jersey OMB's Circular 15-08**

We have audited the financial statements Elk Township School District as of and for the year ended June 30, 2016, and have issued our report thereon dated November 8, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Uniform Guidance and New Jersey OMB's Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditure of federal awards and state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542
Glassboro, New Jersey

November 8, 2016

ELK TOWNSHIP BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2015	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balances at June 30, 2016			Cumulative Total Expenditures
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Education																
General Fund:																
Medical Assistance Program (SEMI)	93.778	1605NJSMAP	N/A	\$13,717	7/1/15	6/30/16			\$ 13,717	\$ (13,717)						\$ 13,717
Total General Fund									<u>13,717</u>	<u>(13,717)</u>						<u>13,717</u>
U.S. Department of Education																
Passed-through State Department of Education:																
Special Revenue Fund:																
Title I, Part A	84.010	S010A150030	NCLB133016	103,856	7/1/15	6/30/16			15,458	(102,969)			\$ (87,511)			102,969
Title I, Part A, Carryover	84.010	S010A150030	NCLB133015	100,637	7/1/14	6/30/15	\$ (97,637)		97,637							97,637
Title I, Part A, Carryover	84.010	S010A150030	NCLB133015	101,234	7/1/14	6/30/15				(3,597)			(3,597)			101,234
Title I, Part A, Carryover	84.010	S010A150030	NCLB133015	58,982	7/1/14	6/30/15	(8,470)						(8,470)			35,656
IDEA Part B, Basic Regular	84.027	H027A150100	FT133016	104,269	7/1/15	6/30/16				(104,269)			(104,269)			104,269
IDEA Part B, Basic Regular	84.027	H027A150100	FT133015	104,269	7/1/14	6/30/15	(104,269)		104,269							104,269
IDEA Part B, Basic Regular, Carryover	84.027	H027A150100	FT133015	1,264	7/1/14	6/30/15	(1,264)		1,264							1,264
IDEA Part B, Preschool	84.173	H173A150114	FT133016	2,758	7/1/15	6/30/16				(2,758)			(2,758)			2,758
IDEA Part B, Preschool	84.173	H173A150114	FT133015	2,694	7/1/14	6/30/15	(2,694)		2,694							2,694
Title II Part A	84.367	S367A150029	NCLB133016	14,747	7/1/15	6/30/16				(14,086)			(14,086)			14,086
Title II Part A	84.367	S367A150029	NCLB133015	14,903	7/1/14	6/30/15	(14,482)		14,482	(420)			(420)			14,902
Title II Part A, Carryover	84.367	S367A150029	NCLB133015	6,939	7/1/14	6/30/15	(6,939)		4,086				(2,853)			6,939
Title II Part A	84.367	S367A150029	NCLB133014	14,981	7/1/13	6/30/14	(1,863)						(1,863)			11,097
Title III	84.365A	S365A150030	NCLB173016	967	7/1/15	6/30/16			967	(967)						967
Rural Education Achievement Program	84.358	S358B150030	S358A141526	21,456	7/1/15	6/30/16			12,830	(21,456)			(8,626)			21,456
Rural Education Achievement Program	84.358	S358B150030	S358A141526	23,296	7/1/14	6/30/15	(23,296)		23,296							23,296
Race to the Top	84.413A	B413A120008	N/A	7,309	7/1/12	11/30/15	(4,339)		6,244	(903)					\$ 1,002	4,867
Total Special Revenue Fund							<u>(265,253)</u>		<u>283,227</u>	<u>(251,425)</u>			<u>(234,453)</u>		<u>1,002</u>	<u>650,360</u>
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Food Distribution Program	10.550	N/A	N/A	12,068	7/1/15	6/30/16			12,068	(10,416)			\$ 1,652			10,416
Food Distribution Program	10.550	N/A	N/A	10,471	7/1/14	6/30/15	875			(875)						10,471
School Breakfast Program	10.553	16161NJ304N1099	N/A	10,170	7/1/15	6/30/16			8,353	(10,170)			(1,817)			10,170
School Breakfast Program	10.553	16161NJ304N1099	N/A	11,864	7/1/14	6/30/15	(977)		977							11,864
National School Lunch Program	10.555	16161NJ304N1099	N/A	48,036	7/1/15	6/30/16			39,990	(48,036)			(8,047)			48,036
National School Lunch Program	10.555	16161NJ304N1099	N/A	51,205	7/1/14	6/30/15	(3,459)		3,459							51,205
After School Snack Program	10.558	16161NJ304N1099	N/A	378	7/1/14	6/30/15	(31)		31							378
Special Milk Program	10.556	16161NJ304N1099	N/A	676	7/1/15	6/30/16			581	(676)			(95)			676
Special Milk Program	10.556	16161NJ304N1099	N/A	654	7/1/14	6/30/15	(34)		34							654
Total Enterprise Fund							<u>(3,626)</u>		<u>65,493</u>	<u>(70,173)</u>			<u>(9,959)</u>	<u>1,652</u>		<u>143,870</u>
Total Federal Financial Awards							<u>\$ (268,879)</u>		<u>\$362,437</u>	<u>\$ (335,315)</u>			<u>\$ (244,412)</u>	<u>\$ 1,652</u>	<u>\$ 1,002</u>	<u>\$ 807,947</u>

ELK TOWNSHIP BOARD OF EDUCATION
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2016

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2015			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance June 30, 2016			MEMO	
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover (Walkover) Amount				Accounts Receivable	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
Extraordinary Aid	16-100-034-5120-473	\$ 19,595	7/1/15	6/30/16				\$ (19,595)		\$ (19,595)				\$	19,595
Extraordinary Aid	15-100-034-5120-473	45201	7/1/14	6/30/15	\$ (45,201)		\$ 45,201								45,201
State Aid Public:															
Categorical Special Education Aid	16-495-034-5120-089	195,091	7/1/15	6/30/16			195,091	(195,091)						\$	24,481
Equalization Aid	16-495-034-5120-078	2,013,576	7/1/15	6/30/16			2,013,576	(2,013,576)							181,428
Categorical Security Aid	16-495-034-5120-084	66,201	7/1/15	6/30/16			66,201	(66,201)							8,308
Adjustment Aid	16-495-034-5120-085	38,757	7/1/15	6/30/16			38,757	(38,757)							4,864
School Choice Aid	16-495-034-5120-068	72,190	7/1/15	6/30/16			72,190	(72,190)							9,059
Under Adequacy Aid	16-495-034-5120-096	5,178	7/1/15	6/30/16			5,178	(5,178)							650
PARCC Readiness	16-495-034-5120-098	3,320	7/1/15	6/30/16			3,320	(3,320)							417
Per Pupil Growth	16-495-034-5120-097	3,320	7/1/15	6/30/16			3,320	(3,320)							417
Categorical Transportation Aid	16-495-034-5120-014	157,280	7/1/15	6/30/16			157,280	(157,280)							19,737
Reimbursement of Nonpublic Transportation	N/A	4,306	7/1/15	6/30/16						(4,306)					4,306
Reimbursement of Nonpublic Transportation	N/A	4,654	7/1/14	6/30/15	(4,654)		4,654								4,654
On-behalf TPAF Pension Contribution	16-495-034-5094-006	180,657	7/1/15	6/30/16			180,657	(180,657)							180,657
On-behalf TPAF Postretirement Contribution	16-495-034-5094-001	215,113	7/1/15	6/30/16			215,113	(215,113)							215,113
Reimbursed TPAF Social Security Aid	16-495-034-5094-003	156,410	7/1/15	6/30/16			148,653	(156,410)		(7,757)					156,410
Reimbursed TPAF Social Security Aid	15-495-034-5094-003	152,685	7/1/14	6/30/15	(7,674)		7,674								152,685
Total General Fund					(57,529)		3,156,865	(3,130,994)		(31,658)					249,361
Special Revenue Fund:															
Preschool Education Act	16-495-034-5120-086	33,288	7/1/15	6/30/16			33,288	(33,288)							4,177
Preschool Education Act	12-495-034-5120-086	63,664	7/1/11	6/30/12	1						\$ 1				63,663
Total Special Revenue Fund					1		33,288	(33,288)			1				4,177
Debt Services Fund:															
Debt Service Aid Type II	16-495-034-5120-017	74,737	7/1/15	6/30/16			74,737	(74,737)							74,737
Total Debt Service Fund							74,737	(74,737)							74,737
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	16-100-010-3350-023	1,200	7/1/15	6/30/16			997	(1,200)		(204)					1,200
National School Lunch Program (State Share)	15-100-010-3350-023	1,334	7/1/14	6/30/15	(127)		127								1,334
Total Enterprise Fund					(127)		1,124	(1,200)		(204)					2,534
Total State Financial Assistance					\$ (57,655)		\$ 3,266,014	\$ (3,240,219)		\$ (31,862)	\$ 1			\$	253,538
Less: On-Behalf TPAF Pension System Contributions															
															\$ (395,770)
Total for State Financial Assistance - Major Program Determination															
															\$ (2,844,449)

ELK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2016

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of *2 CFR 200 – Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 15-08. 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 NJSA 18A:22-44-2. For GAAP purposes, that, payment is not recognized until the subsequent budget year due to the state deferral and recording of one or more June state aid payments in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the one or more June state aid payments in the current budget year, consistent with NJSA 18A:22-4-2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$11,339) for the General Fund and \$1,010 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 (See Exhibit B-2 and B-5):

ELK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2016

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

	Federal	State	Total
General Fund	\$ 13,717	\$ 3,119,655	\$ 3,133,372
Special Revenue Fund	251,425	34,298	285,723
Debt Service Fund		74,737	74,737
Food Service Fund	70,210	1,200	71,410
Total Financial Assistance	<u>\$ 335,352</u>	<u>\$ 3,229,890</u>	<u>\$ 3,565,242</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FOOD DISTRIBUTION PROGRAM

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. Non-monetary assistance is reported in the schedule at the market value of the commodities received and disbursed. At June 30, 2016, Elk Township School District has food commodities totaling \$1,652 in inventory.

NOTE 6: OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2016. 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, 2016.

NOTE 7: INDIRECT COST RATE

The Elk Township School District has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

ELK TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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 No
- 2. Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to basic financial statements noted? Yes No

Federal Awards

N/A

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a)? Yes No

Identification of major programs: N/A

CFDA Number **FAIN Number** **Name of Federal Program or Cluster**

Dollar threshold used to distinguish between type A and type B programs: _____

Auditee qualified as low-risk auditee? Yes No

ELK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section I – Summary of Auditor’s Results (Continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes X 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 NJ OMB’s Circular 15-08? Yes X No

Identification of major programs:

GMIS Numbers

495-034-5120-089
495-034-5120-078
495-034-5120-084
495-034-5120-085
495-034-5120-068
495-034-5120-096
495-034-5120-098
495-034-5120-097

Name of State Program

State Aid Public:
Special Education Aid
Equalization Aid
Security Aid
Adjustment Aid
School Choice
Under Adequacy
PARCC Readiness
Per Pupil Growth

ELK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section II – Financial Statement Findings

Finding: 2016-001

Criteria: The District must comply with IRS regulations concerning issuance of Forms 1099 to vendors.

Condition: Two out of five vendors tested were not issued a Form 1099 when required.

Effect: The District is not in compliance with IRS regulations concerning issuance of Forms 1099 to vendors.

Cause: The District failed to review vendor listing at year-end.

Recommendation: The District review the vendor listing at year end to insure that vendors are issued a Form 1099 when required.

View of Responsible Officials and Planned Corrective Action: The Business Administrator agrees with the finding and has addressed this matter in a corrective action plan.

Finding: 2016-002

Criteria: District Report of Transported Resident Students.

Condition: District work papers do not agree with totals on the District Report of Transported Resident Students.

Effect: The District Report of Transported Resident Students was improperly completed.

Cause: Failure to reconcile District records with the District Report of Transported Resident Students.

Recommendation: District Report of Transported Resident Students should agree with District work papers.

View of Responsible Officials and Planned Corrective Action: The Business Administrator agrees with the finding and has addressed this matter in a corrective action plan.

ELK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

***Section III – Federal Awards and State Financial Assistance
Findings and Questioned Costs***

FEDERAL AWARDS

N/A

STATE FINANCIAL ASSISTANCE

None.

ELK TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Finding: 2015-001: Four out of five vendors tested were not issued a Form 1099 when required.

Current Status: Corrective action was not taken.

Finding: 2015-002: District did not record all tuition revenue in revenue ledger.

Current Status: Corrective action was taken.

Finding: 2015-003: A budgetary line item was over-expended at June 30, 2015.

Current Status: Corrective action was taken.

Finding: 2015-004: District work papers do not agree with totals on the Application for State School Aid.

Current Status: Corrective action was taken.

Finding: 2015-005: Numerous audit adjustments were required for prior period audit adjustments, adjustments to cash made by the Treasurer, interfunds, receivables, receipts, and disbursements, to bring the District's accounting records into compliance with NJAC 6A:23A-16.2, et. seq.

Current Status: Corrective action was taken.