

**SCHOOL DISTRICT
OF
TOWNSHIP OF ELSINBORO**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Township of Elsinboro Board of Education

Salem, New Jersey

For the Fiscal Year Ended June 30, 2016

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Prepared by

Elsinboro Township Board of Education

Finance Department

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF ELSINBORO BOARD OF EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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INTRODUCTORY SECTION

ELSINBORO TOWNSHIP BOARD OF EDUCATION
ELSINBORO TOWNSHIP SCHOOL
631 Salem-Fort Elfsborg Road
Salem, New Jersey 08079

Constance McAllister
Chief School Administrator
(856) 935-3817
FAX: (856) 935-6944

Rebecca Joyce
BA/Board Secretary
(856) 935-1627 Ext. 112
FAX: (856) 935-3017

October 31, 2016

Honorable President and
Members of the Board of Education
Elsinboro Township School District
Salem, New Jersey 08079

Dear Board Members:

The comprehensive annual financial report of the Elsinboro Township Public 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: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), "Audits of States, Local Governments, and Non-Profit Organizations" and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Elsinboro Township Public School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds of the District are included in this report. The Elsinboro Township Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2015-2016 fiscal year with an enrollment of 142 students, which is 3 more than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-16	142	2.16%
2014-15	139	3.73%
2013-14	134	12.6%
2012-13	119	19.0%
2011-12	100	(0.99)%
2010-11	101	2.02%
2009-10	99	(1.98)%
2008-09	101	(6.73)%
2007-08	107	0%
2006-07	110	(8.1)%

2. ECONOMIC CONDITION AND OUTLOOK:

The Elsinboro Township area is a rural community of Salem County and presently is not experiencing any significant development or expansion.

3. MAJOR INITIATIVES:

- A. To strive to maintain the present level of educational opportunities for students, staff, parents and community members.
 - 1. To explore additional sources of educational opportunities for students and parents.
 - 2. To attract and retain students in the Elsinboro Township School District by increasing community awareness, knowledge, and participation in the Interdistrict School Choice Program.
 - 3. To explore the possibility of additional shared services with neighboring districts. To improve educational opportunities and meet federal mandates, alternatives must be sought to reduce costs while still maintaining our identity and vitality.
 - 4. To improve educational opportunities and meet federal mandates, alternatives must be sought to reduce costs while still maintaining our identity and vitality.

- B. To improve student achievement through high expectations, frequent monitoring of student progress, and staff development activities.
 - 1. To achieve yearly individual student growth as determined by the NJDOE in grades 3-8 on the PARCC Assessment Tests.
 - 2. To utilize MAP (Measures of Academic Progress) to track student and teacher progress in reaching individual SGOs (Student Growth Objectives).

3. To increase staff awareness of the Common Core State Standards, the skills tested on the PARCC Assessment Tests, individual student performance on these tests and teaching strategies that are scientifically research based.
4. To continue to implement RTI testing in grades K-5. RTI will help in the diagnosis of educational disabilities. It will allow Elsinboro staff to intervene early to meet the needs of struggling learners. RTI maps those specific instructional strategies found to benefit a particular student.
5. To continue to improve student writing through the use of "The Writing Academy", Reading Wonders, school-wide rubrics based on the New Jersey Holistic Scoring Rubrics, increased writing in every subject area and oral presentations of selected student's work.
6. To continue to update curriculum to reflect the Common Core State Standards.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control process designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control process 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 process is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control process is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control process, 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. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase orders on a line item basis. Open encumbrances at year-end are either canceled or included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 2.

7. DEBT ADMINISTRATION:

At June 30, 2016 and June 30, 2015, the District had no outstanding debt issues.

8. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit funds 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, and fidelity bonds.

10. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nightlinger, Colavita and Volpa, Pa. was appointed 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 Title 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards(Uniform Guidance), and State of New Jersey Treasury Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the basic financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's report related specifically to the single audit are included in the single audit section of this report.

11. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Elsinboro Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the public 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,

Constance McAllister, CSA

Constance McAllister, Chief School Administrator

Rebecca S. Joyce, Bus. Adm.

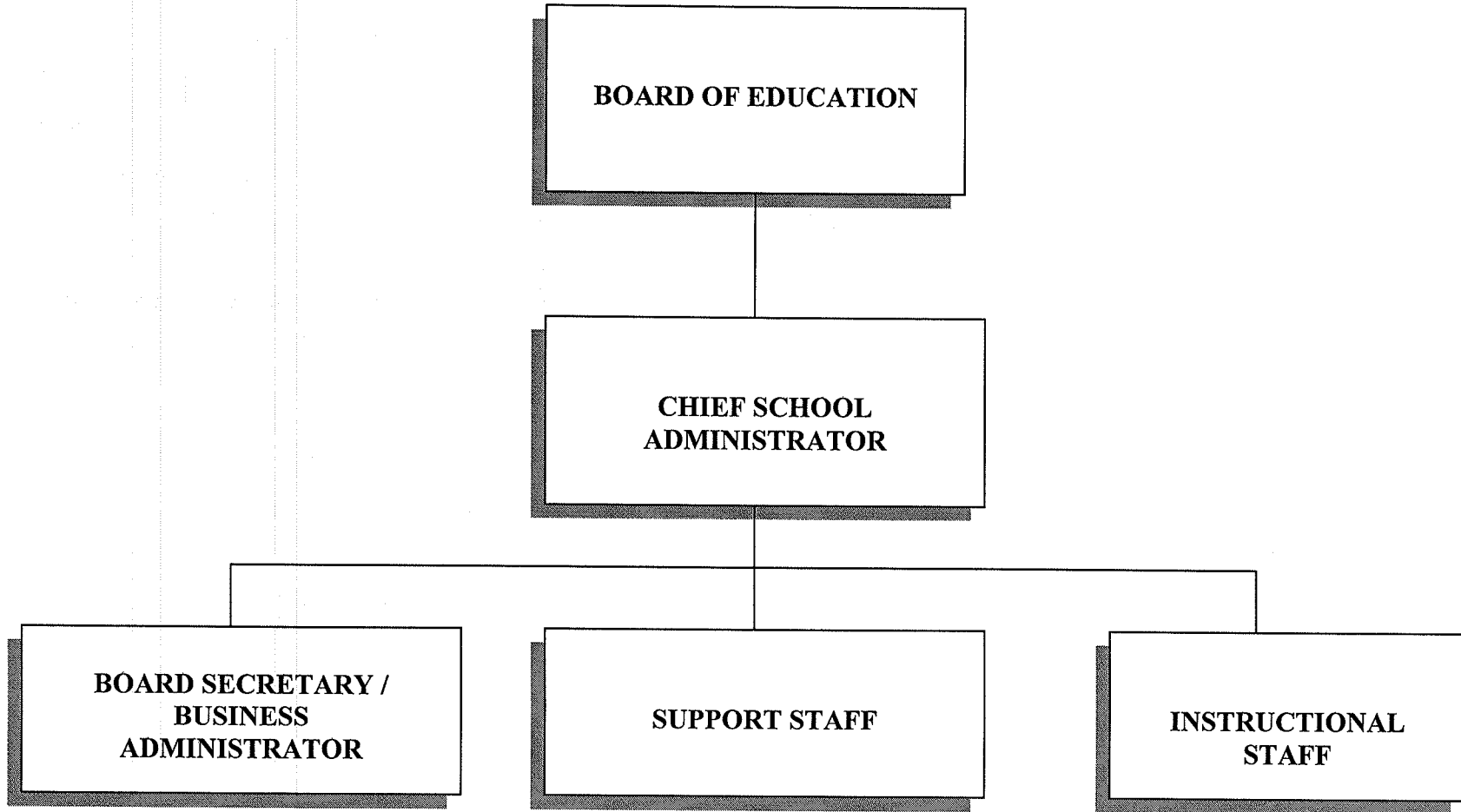
Rebecca Joyce, School Business Administrator

ELSINBORO TOWNSHIP BOARD OF EDUCATION

Salem, New Jersey

ORGANIZATIONAL CHART

(UNIT CONTROL)



ELSINBORO TOWNSHIP BOARD OF EDUCATION
SALEM, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2016

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Kelly Anne Delaney, President	2018
Michael Khairzada, Vice President	2016
Damian Carlson	2017
Kay Weber	2017
Victoria Galasso	2016
Kathleen Sheffield	2016
Jeffrey Stepler	2018
<u>OTHER OFFICIALS</u>	<u>Amount of Bond</u>
Constance McAllister, CSA	
Rebecca Joyce, School Business Administrator	\$50,000
Shannon DuBois-Brody, Treasurer of School Funds	\$150,000
Frank Cavallo, Solicitor	

TOWNSHIP OF ELSINBORO BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

AUDIT FIRM

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

ATTORNEY

Parker McCay
Frank P. Cavallo, Jr., Esq.
PO Box 5054
Mount Laurel, NJ 08054

OFFICIAL DEPOSITORY

Fulton Bank
1 South Main St.
Woodstown, New Jersey 08098

Century Savings Bank
1376 W. Sherman Avenue
Vineland, New Jersey 08360

INSURANCE AGENCY

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PO Box 989
Marlton, New Jersey 08053

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
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Williamstown, NJ 08094

(856) 629-3111
Fax (856) 728-2245
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October 31, 2016

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Elsinboro Township School District
County of Salem, New Jersey

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 Elsinboro Township School District in the County of Salem, 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 Elsinboro Township School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Elsinboro Township Board of Education in the County of Salem, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, 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, schedule of the School District's proportionate share of the net pension liability and schedule of the School District's contributions, 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 pl

acing 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 Elsinboro Township Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements, 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey Treasury Circular OMB's 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid and is not a required part of the basic 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 basic 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 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 schedule of expenditures of federal awards and state financial assistance 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 31, 2016 on our consideration of the Elsinboro Township Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Elsinboro Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



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

REQUIRED SUPPLEMENTARY INFORMATION – PART I

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
TOWNSHIP OF ELSINBORO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

UNAUDITED

The discussion and analysis of Township of Elsinboro Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- ❖ General revenues accounted for \$2,789,528 in revenue or 85.5% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$472,999 or 14.5% percent to total revenues of \$3,262,527.
- ❖ Total Net Position of governmental activities increased by \$449,541 from the previous year.
- ❖ The School District had \$2,802,702 in expenses, of which \$472,999 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$2,789,528 were adequate to provide for these programs.
- ❖ The General Fund had \$2,657,547 in revenues and \$2,279,791 in expenditures and transfers of \$5,500 to the Food Service Fund and \$735,515 to the Capital Projects Fund. The General Fund's balance decreased \$363,259 over 2015. This increase was anticipated by the Board of Education.

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 Township of Elsinboro 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. In the case of Township of Elsinboro School District, 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 2016?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes 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 positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

- ❖ **Governmental Activities** – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ❖ **Business-Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major (all) funds begins on page 22. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major 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 the 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs.

Governmental Funds (Cont'd)

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 fund uses the same basis of accounting as business-type activities; therefore these statements are essentially the same.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a comparative summary of the School District's Net Position for the years ended in 2016 and 2015.

Table 1
Net Position

	2016	2015
Assets		
Current and Other Assets	\$ 1,313,159	\$ 945,990
Capital Assets, Net	434,407	369,343
Total Assets	1,747,566	1,315,333
Deferred Outflows of Resources	39,177	14,238
Liabilities		
Long-term Liabilities	8,300	14,825
Other Liabilities	228,239	223,257
Total Liabilities	236,539	238,082
Deferred Inflows of Resources	19,263	30,266
Net Position		
Invested in Capital Assets, Net of Debt	426,107	369,343
Restricted	1,078,703	783,076
Unrestricted	26,131	(91,196)
Total Net Position	\$ 1,530,941	\$ 1,061,223

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

Table 2
Changes in Net Position

	<u>2016</u>	<u>2015</u>
Revenues		
Program Revenues		
Charges for Services	\$ 194,017	\$ 84,784
Operating Grants and Contributions	278,982	505,835
General Revenues		
Property Taxes	1,436,100	1,407,960
Grants and Entitlements	1,339,350	930,467
Other	14,078	8,303
Total Revenues	<u>\$ 3,262,527</u>	<u>\$ 2,937,349</u>
Program Expenses		
Instruction	\$ 945,511	\$ 987,447
Support Services		
Tuition	333,594	371,718
Pupils and Instructional Staff	256,677	224,349
General Administration, School Administration, Business	196,287	186,910
Operations and Maintenance of Facilities	129,374	115,835
Pupil Transportation	128,540	107,240
Employee Benefits	722,797	611,201
Food Service	60,702	56,671
Other	29,220	29,813
Total Expenses	<u>2,802,702</u>	<u>2,691,184</u>
Increase in Net Position	<u>\$ 459,825</u>	<u>\$ 246,165</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. The District's total revenues were \$3,262,527 for the fiscal year ended June 30, 2016. Property taxes made up 44 % percent of revenues for governmental activities for the Township of Elsinboro School District for fiscal year 2016. Federal, state and local grants accounted for \$1,339,350 or another 41%. The total cost of all program and services was \$2,802,702. Instruction comprises 34% of District expenses.

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- ❖ Food service expenses exceeded revenues by \$6,060 and SACC revenues exceeded expenses by \$6,884.
- ❖ Charges for food service were \$12,608. This represents amount paid by patrons for daily food services. SACC revenues were \$14,630.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$34,288.
- ❖ There was also a board subsidy in the amount of \$5,500 to offset the deficit in the food service revenue.

Governmental Activities

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

	Total Cost of Services 2016	Net Cost of Services 2016	Total Cost of Services 2015	Net Cost of Services 2015
Instruction	\$ 945,511	\$ 855,532	\$ 987,447	\$ 899,815
Support Services				
Tuition	333,594	333,594	371,718	371,718
Pupils and Instructional Staff	256,677	84,815	224,349	154,709
General Administration, School				
Administration, Business	196,287	196,287	186,910	186,910
Operation and Maintenance of Facilities	129,374	129,374	115,835	115,835
Pupil Transportation	128,540	128,540	107,240	107,240
Employee Benefits	722,797	573,165	611,201	230,868
Other	29,220	29,220	29,813	29,813
Total Expenses	\$ 2,742,000	\$ 2,330,527	\$ 2,634,513	\$ 2,096,908

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

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

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

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

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.

Extracurricular activities includes expenses related to student activities provided by the School District which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation and amortization.

The School District's Funds

Information about the School District's major funds starts on page 21. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$2,791,140 and expenditures of \$2,464,740. The net positive/negative change in fund balance for the year was most significant in the General Fund, which had a decrease of \$363,259 which was attributed to the transfer to the Capital Projects Fund.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2016, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2015</u>	<u>Percent/ Increase (Decrease)</u>
Local Sources	\$ 1,448,328	52%	\$ 29,574	2%
State Sources	1,245,566	45%	132,603	16%
Federal Sources	97,246	3%	1,225	2%
Total	\$ 2,791,140	100%	\$ 163,402	7%

The increase in Local Sources is attributed to increases in, and local tax levy of \$28,140, and interest revenue of \$1,434.

The decrease in State Sources is attributable to a increase in general fund state aid of \$98,366 and capital projects fund of \$34,237.

The increase in Federal Sources is attributed to increases in various grant awards totaling \$1,775.

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.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2015</u>	<u>Percent/ Increase (Decrease)</u>
Current:				
Instruction	\$ 945,511	38%	\$ (41,936)	-4.3%
Undistributed Expenditures	1,427,432	58%	58,019	4.3%
Capital Outlay	91,797	4%	(49,789)	-35.2%
Debt Service:				
Principal		0%	0	0.00%
Interest		0%	0	0.00%
Total	\$ 2,464,740	100%	\$ (33,706)	-1.4%

The decrease in Current – Instruction is attributed to an decrease in regular instruction of \$41,706 and other instruction of \$2,156, offset by an increase in special education instruction of \$1,926.

The increase in Current – Undistributed Expenditures is attributed to increases in general, school and central administrative services of \$9,377, plant operations and maintenance of \$13,539, pupil transportation of \$21,300 and employee benefits of \$61,367, offset by decreases in tuition costs of \$38,124 and student and instructional related services of \$9,440.

The decrease in capital outlay of \$49,789 is attributed to decreased spending on buildings and improvements of \$43,129, offset by decreased equipment purchases of \$6,660, as compared to last year.

General Fund Budgeting Highlights

The School District’s Budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2016, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

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

While the District's final budget for the general fund anticipated that revenues and expenditures would equal, the actual results for the year show a \$355,633 decrease in fund balance.

- ❖ Actual revenues were \$7,488 higher than expected, due to increases in State Aid of \$870 and local sources of \$6,618. The net variance of \$221,062 also includes on-behalf pension and social security reimbursements of \$213,574.
- ❖ The actual expenditures were \$177,519 less than expected, primarily due to variances in most line items of the budget. The net variance of \$36,055 also includes on-behalf pension and social security costs of \$213,574.

Capital Assets

At the end of the fiscal year 2016, the School District had \$434,407 invested in land, buildings, site improvements and machinery and equipment. Table 4 shows fiscal 2016 balances compared to 2015.

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

	<u>2016</u>	<u>2015</u>
Land	\$ 35,442	\$ 35,442
Building and Improvements	372,527	315,916
Machinery and Equipment	26,438	17,392
Totals	<u>\$ 434,407</u>	<u>\$ 368,750</u>

Overall capital assets increased \$65,657 from fiscal year 2015 to fiscal year 2016. This increase in capital assets (primarily buildings and improvements and equipment) represented net acquisitions in the amount of \$95,757, offset by unallocated depreciation expense of \$30,100 for the year.

Debt Administration

At June 30, 2016, the School District had \$8,300 in outstanding debt, which represented compensated absences. At June 30, 2016, the School District's overall legal debt margin was \$3,202,794, all of which was available for future projects.

For the Future

The Township of Elsinboro School District is presently in good financial condition. Future finances are not without challenges as the community continues to deal with increasing fixed costs, along with stagnant or loss in state funding. Inter-district School Choice continues to assist us in maintaining our programs. Choice aid helps pay for more technology, curriculum and capital improvements.

The Township of Elsinboro is primarily a residential community, with very few ratables and thus the tax burden is focused on homeowners. During the last budget process, it was a concern of the Administration and Board of Education on how future budgets would be financed. In an effort to optimize spending in educational program areas, the district closely monitors our administrative cost. In addition, the Board of Education and the Administration continually review all program cost centers in the District in order to hold the tax rate down.

In conclusion, the Elsinboro School District has committed itself to effective financial planning and budgeting. The District also endeavors to maintain optimum internal financial controls in order to meet the financial challenges of the future through sound fiscal management.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Rebecca Joyce, School Business Administrator at Township of Elsinboro Board of Education, 631 Salem-Fort Elfsborg Road, Salem, NJ 08079, or email at joycer@allowayschool.org

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

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

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

Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 894,950	\$ 15,423	\$ 910,373
Receivables, Net	63,137	2,583	65,720
Restricted Assets:			
Cash and Cash Equivalents	337,066		337,066
Capital Assets, Net (Note 6)	431,327	3,080	434,407
Total Assets	<u>1,726,480</u>	<u>21,086</u>	<u>1,747,566</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Pension Outflow	39,177		39,177
Total Deferred Outflows of Resources	<u>39,177</u>		<u>39,177</u>
LIABILITIES			
Accounts Payable	3,242		3,242
Unearned Revenue		316	316
Net Pension Liability	224,681		224,681
Non-current Liabilities (Note 7):			
Due Within One Year	2,550		2,550
Due Beyond One Year	5,750		5,750
Total Liabilities	<u>236,223</u>	<u>316</u>	<u>236,539</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Pension Inflow	19,263		19,263
Total Deferred Inflows of Resources	<u>19,263</u>		<u>19,263</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	423,027	3,080	426,107
Restricted for:			
Capital Reserve	337,066		337,066
Maintenance Reserve	49,165		49,165
Other Purposes	692,472		692,472
Unrestricted (Deficit)	8,441	17,690	26,131
Total Net Position	<u>\$ 1,510,171</u>	<u>\$ 20,770</u>	<u>\$ 1,530,941</u>

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

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Governmental Activities:						
Instruction:						
Regular	\$ 814,049	\$	\$ 89,979	\$ (724,070)	\$	\$ (724,070)
Special Education	97,618			(97,618)		(97,618)
Other Instruction	33,844			(33,844)		(33,844)
Support Services:						
Tuition	333,594			(333,594)		(333,594)
Student & Instruction Related Services	256,677	166,779	5,083	(84,815)		(84,815)
General and Business Admin Services	91,998			(91,998)		(91,998)
School Administrative Services	65,201			(65,201)		(65,201)
Central Services	39,088			(39,088)		(39,088)
Plant Operations and Maintenance	129,374			(129,374)		(129,374)
Pupil Transportation	128,540			(128,540)		(128,540)
Employee Benefits	722,797		149,632	(573,165)		(573,165)
Unallocated Depreciation	29,220			(29,220)		(29,220)
Total Governmental Activities	2,742,000	166,779	244,694	(2,330,527)		(2,330,527)
Business-Type Activities:						
Food Service	52,956	12,608	34,288		(6,060)	(6,060)
SACC	7,746	14,630			6,884	6,884
Total Business-Type Activities	60,702	27,238	34,288		824	824
Total Primary Government	\$2,802,702	\$194,017	\$ 278,982	(2,330,527)	824	(2,329,703)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				1,436,100		1,436,100
Federal and State Aid Not Restricted				1,339,350		1,339,350
Investment Earnings				2,173		2,173
Miscellaneous Income				7,945		7,945
Fixed Asset Adjustment					3,960	3,960
Transfers - Food Service				(5,500)	5,500	
Total General Revenues, Special Items, Extraordinary Items and Transfers				2,780,068	9,460	2,789,528
Change in Net Position				449,541	10,284	459,825
Net Position—Beginning				1,060,630	10,486	1,071,116
Net Position—Ending				\$ 1,510,171	\$ 20,770	\$ 1,530,941

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

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 207,989	\$ 2,909	\$ 649,922	\$ 860,820
Cash and Cash Equivalents - Capital Reserve	337,066			337,066
State Aid Receivable	870		34,237	35,107
Total Assets	\$ 545,925	\$ 2,909	\$ 684,159	\$ 1,232,993
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 333	\$ 2,909	\$	\$ 3,242
Total Liabilities	333	2,909		3,242
Fund Balances:				
Restricted for:				
Capital Reserve	337,066			337,066
Maintenance Reserve	49,165			49,165
Committed to Capital Projects Fund			684,159	684,159
Assigned to:				
Designated for Subsequent Year's Expenditures	8,313			8,313
Unassigned	151,048			151,048
Total Fund Balances	545,592		684,159	1,229,751
Total Liabilities and Fund Balances	\$ 545,925	\$ 2,909	\$ 684,159	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$1,197,572 and the accumulated depreciation is \$766,245 (see Note 6).	431,327
Deferred Outflow of Resources - Deferred Pension Contribution	39,177
Deferred Inflows of Resources - Pension Actuarial Gains	(19,263)
Long Term Net Pension Liability	(224,681)
Internal Service Funds are reported on the Statement of Net Assets	62,160
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 7).	(8,300)
Net Position of governmental activities	\$ 1,510,171

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

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources:				
Local Tax Levy	\$ 1,436,100	\$	\$	\$ 1,436,100
Interest Earned	2,173			2,173
Miscellaneous	7,945	2,110		10,055
Total - Local Sources	1,446,218	2,110		1,448,328
State Sources	1,211,329		34,237	1,245,566
Federal Sources		97,246		97,246
Total Revenues	2,657,547	99,356	34,237	2,791,140
EXPENDITURES				
Current:				
Regular Instruction	724,070	89,979		814,049
Special Education Instruction	97,618			97,618
Other Instruction	33,844			33,844
Support Services:				
Tuition	333,594			333,594
Student & Instruction Related Services	146,975	5,083		152,058
General Administrative Services	91,998			91,998
School Administrative Services	65,201			65,201
Central Services	39,088			39,088
Plant Operations and Maintenance	129,374			129,374
Pupil Transportation	128,540			128,540
Employee Benefits	483,285	4,294		487,579
Capital Outlay	6,204		85,593	91,797
Total Expenditures	2,279,791	99,356	85,593	2,464,740
Excess (Deficiency) of Revenues over Expenditures	377,756		(51,356)	326,400
OTHER FINANCING SOURCES (USES)				
Capital Outlay Transferred to Capital Projects Fund	(482,515)		482,515	
Capital Reserve Transferred to Capital Projects Fund	(253,000)		253,000	
Transfer to Food Service Fund	(5,500)			(5,500)
Total Other Financing Sources and Uses	(741,015)		735,515	(5,500)
Net Change in Fund Balances	(363,259)		684,159	320,900
Fund Balance—July 1	908,851			908,851
Fund Balance—June 30	\$ 545,592	\$	\$ 684,159	\$ 1,229,751

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

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
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) **\$ 320,900**

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	\$ (29,220)	
Capital Outlays	91,797	
	<hr/>	62,577

Pension Contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. (2,621)

Increase in Internal Service Fund Balance 62,160

Increase in Compensated Absences 6,525

Change in net position of governmental activities (A-2) **\$ 449,541**

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

PROPRIETARY FUNDS

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	SACC	Food Service	Totals	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 6,903	\$ 8,520	\$ 15,423	\$ 34,130
Federal and State Aid Receivable		1,279	1,279	28,030
Accounts Receivable	1,289	15	1,304	
Total Current Assets	8,192	9,814	18,006	62,160
Fixed Assets:				
Equipment		4,400	4,400	
Accumulated Depreciation		(1,320)	(1,320)	
Total Fixed Assets		3,080	3,080	
Total Assets	8,192	12,894	21,086	62,160
LIABILITIES AND FUND EQUITY:				
Current Liabilities:				
Unearned Revenue		316	316	
Total Current Liabilities		316	316	
NET POSITION				
Investment in Fixed Assets Unrestricted	8,192	3,080 9,498	3,080 17,690	62,160
Total Net Position	8,192	12,578	20,770	62,160
Total Liabilities and Fund Equity	\$ 8,192	\$ 12,894	\$ 21,086	\$ 62,160

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

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-type Activities - Enterprise Fund			Governmental Activities - Internal Service Fund
	SACC	Food Service	Total Enterprise	
Operating Revenues:				
Charges for Services:				
Daily Sales - Reimbursable Programs	\$	\$ 8,373	\$ 8,373	\$
Non-reimbursable Sales		4,235	4,235	
Program Fees	14,630		14,630	166,779
Total Operating Revenue:	14,630	12,608	27,238	166,779
Operating Expenses:				
Cost of Sales		37,859	37,859	
Cost of Sales - Non-Program Food		5,402	5,402	
Salaries	6,795	7,372	14,167	12,150
Employee Benefits				929
Depreciation		880	880	
Transportation				91,540
Other		1,443	1,443	
Supplies and Materials	951		951	
Total Operating Expenses	7,746	52,956	60,702	104,619
Operating (Loss) Income	6,884	(40,348)	(33,464)	62,160
Non-operating Revenues (Expenses):				
State Sources:				
State School Lunch Program		464	464	
Federal Sources:				
National School Lunch Program		21,349	21,349	
National School Breakfast Program		5,094	5,094	
Food Distribution Program		7,381	7,381	
Total Non-operating Revenues (Expenses)		34,288	34,288	
(Loss) Income Before Transfers	6,884	(6,060)	824	62,160
Fixed Asset Adjustment		3,960	3,960	
Transfers In (Out)		5,500	5,500	
Change in Net Position	6,884	3,400	10,284	62,160
Total Net Position—Beginning	1,308	9,178	10,486	
Total Net Position—Ending	\$ 8,192	\$ 12,578	\$ 20,770	\$ 62,160

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

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	SACC	Food Service	Total Enterprise	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 14,630	\$ 12,608	\$ 27,238	\$ 166,779
Payments to Employees	(6,795)	(7,372)	(14,167)	(139,625)
Payments to Suppliers	(2,240)	(44,874)	(47,114)	
Net Cash Provided by (Used for) Operating Activities	5,595	(39,638)	(34,043)	27,154
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Sources		464	464	
Federal Sources		33,824	33,824	
Operating Subsidies and Transfers to Other Funds		5,500	5,500	
Net Cash Provided by (Used for) Non-capital Financing Activities		39,788	39,788	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Net Cash Provided by (Used for) Capital and Related Financing Activities				
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and Dividends				
Net Cash Provided by (Used for) Investing Activities				
Net Increase/(Decrease) in Cash and Cash Equivalents	5,595	150	5,745	27,154
Balances—Beginning of Year	1,308	8,370	9,678	6,976
Balances—End of Year	\$ 6,903	\$ 8,520	\$ 15,423	\$ 34,130
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 6,884	\$ (40,348)	\$ (33,464)	\$ 62,160
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Depreciation and Net Amortization		880	880	
Decrease/(Increase) in Accounts Receivable, Net	(1,289)	(486)	(1,775)	(310)
Increase/(Decrease) in Unearned Revenue		316	316	(34,696)
Total Adjustments	(1,289)	710	(579)	(35,006)
Net Cash Provided by (Used for) Operating Activities	\$ 5,595	\$ (39,638)	\$ (34,043)	\$ 27,154

Noncash Noncapital Financing Activities:

During the year, the District received \$7,381 of food commodities from the U. S. Department of Agriculture

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

FIDUCIARY FUNDS

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 13,022	\$ 2,182
Total Assets	<u>13,022</u>	<u>2,182</u>
LIABILITIES		
Payable to Student Groups		2,182
Total Liabilities		<u>\$ 2,182</u>
NET POSITION		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 13,022</u>	

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

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Contributions:	
Plan Member	\$ 2,174
	<hr/>
Total Contributions	2,174
Investment Earnings:	
Interest	17
	<hr/>
Total Additions	2,191
	<hr/>
DEDUCTIONS	
Quarterly Contribution Reports	
Unemployment Claims	69
	<hr/>
Total Deductions	69
	<hr/>
Change in Net Position	2,122
Net Position—Beginning of the Year	10,900
	<hr/>
Net Position—End of the Year	\$ 13,022
	<hr/> <hr/>

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

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

A. Reporting Entity:

The Elsinboro School District is a Type II District located in the County of Salem, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of seven members elected to three-year terms. These terms are staggered so that two or three members' terms expire each year. The purpose of the District is to educate students in grades K-8. The Elsinboro School District had an approximate enrollment at June 30, 2016 of 142 students.

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

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

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Standards:

The district adopted the following GASB statements:

- GASB No. 80 - *Blending Requirements for Certain Component Units - an Amendment of GASB No. 14*: The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 80, did not impact the financial statements of the School District.
- GASB No. 79 - *Certain External Investment Pools and Pool Participants*: This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 79, did not impact the financial statements of the School District.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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

New Accounting Standards (Continued):

The School District has adopted the following GASB statements:

- **GASB Statement No. 78 - *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*:** The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for fiscal years beginning after December 15, 2015. The adoption of GASB 78, did not impact the financial statements of the School District.
- **GASB No. 77, *Tax Abatement Disclosures*:** This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. This Statement is effective for fiscal years beginning after December 15, 2015. The adoption of GASB 77, did not impact the financial statements of the School District.
- **GASB No. 76 - *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*:** The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 76, did not impact the financial statements of the School District.
- **GASB No. 73 - *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*:** The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 73, did not impact the financial statements of the School District.
- **GASB No. 72 - *Fair Value Measurement and Application*:** This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for fiscal years beginning after June 15, 2015. The adoption of GASB 72, did not impact the financial statements of the School District.

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

New Accounting Standards (Continued):

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

- GASB No. 82 - *Pensions - an Amendment of GASB No. 67, No. 68 and No. 73*: The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and 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*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 82 on the School District's financial statements.
- GASB No. 81 - *Irrevocable Split-Interest Agreements*: The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Management does not expect the adoption of GASB 81 to impact the financial statements of the School District.
- GASB No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*: The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2017. Management is evaluating the potential impact of the adoption of GASB 75 on the School District's financial statements.
- GASB No. 74 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*: The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2016. Management is evaluating the potential impact of the adoption of GASB 74 on the School District's financial statements.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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

A. Basis of Presentation: The District's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

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

The statement of net position presents the financial condition of the governmental and business-type activities of the District at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the District and for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses—expenses of the District related to the administration and support of the District's programs, such as personnel and accounting—are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

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

B. Fund Accounting:

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

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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

B. Fund Accounting (Continued):

GOVERNMENTAL FUNDS

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

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

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

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. The district currently has no capital projects and, therefore, has not included a Capital Projects Fund.

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

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District.

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

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

B. Fund Accounting (Continued):

The District's Enterprise Fund is comprised of the Food Service Fund.

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

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

Food Service Fund:	
Equipment	12 Years

Internal Service Fund - The Internal Service Fund has been established to account for custodial services provided by the Elsinboro Township School District for use by Lower Alloway Creek School District. Services are generally provided on a cost-reimbursement basis.

FIDUCIARY FUNDS

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

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

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

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

C. Basis of Accounting and Measurement Focus:

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

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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

C. Basis of Accounting and Measurement Focus:

District-wide, Proprietary and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under the New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989. The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

D. Budgets/Budgetary Control:

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

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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

D. Budgets/Budgetary Control (Continued):

Formal budgetary integration into the accounting system is 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 mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below.

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

A reconciliation of the special revenue funds from the budgetary basis of accounting (as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds) to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types is shown on Exhibit C-3.

E. Encumbrance Accounting:

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

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

F. Tuition Receivable:

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

G. Tuition Payable:

Tuition charges for the fiscal years 2013-14, 2014-15 and 2015-16 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables:

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

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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

I. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as expenditures during the year of purchase.

On District-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

J. Assets, Liabilities and Equity:

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

Inventories - On District-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expended when used. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015. There was no inventory in the Food Service Fund at June 30, 2016.

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

Capital Assets - General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 2016 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the general fixed assets account group. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Assets in the general fixed assets account group are not depreciated.

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

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

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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

K. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place. In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the district-wide Statement of Net Position. In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

L. Unearned Revenue:

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

M. Operating Revenues and Expenses:

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

N. Allocation of Indirect Expenses:

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

O. Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

P. Lease Acquisition Costs:

As part of any long-term lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be expensed when incurred in accordance with GASB Statement No. 65. There were no such leases for the year ended June 30, 2016.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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

Q. Fund Equity:

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

R. Comparative Data/Reclassifications:

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

S. Management Estimates:

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

T. Accrued Liabilities and Long-term Obligations:

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

U. Net Position:

Net Position represents the difference between assets and liabilities. Net investment 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.

V. Fund Balance Reserves:

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

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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

W. Revenues – Exchange and Non-exchange Transactions:

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

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

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, or amortized cost, which approximates market. The Board classifies U.S. Treasury with Agency obligations and certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments stated at cost. All other investments are stated at fair value.

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

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

School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. As of June 30, 2016, the District had no funds on deposit with the New Jersey Cash Management.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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

Deposits - N.J.S.A. 17:9-41, et seq. establish requirements for the security of deposits of governmental units. The statutes require that school districts deposit public funds in public depositories secured in accordance with the Governmental Unit Deposit Protection Act, which is a multiple financial institution collateral pool enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories.

Public depositories include State or Federally chartered banks, savings banks or associations located in or having a branch office on the State of New Jersey, the deposits of which are federally insured.

All public depositories must pledge collateral, having a market value at least equal to 5% of the average daily balance of collected public funds on deposit, 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 Governmental Units.

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

The School District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the Governmental Unit Deposit Protection Act and approves a list of authorized depository institutions based on an evaluation of solicited responses and presentation of GUDPA certifications provided by the financial institutions.

As of June 30, 2016, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	Cash and Cash Equivalents
Checking Accounts	\$ 1,262,643
Total	\$ 1,262,643

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. The District does not place a limit on the amount that may be invested in any one issuer.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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

As of June 30, 2016, the District's bank balance of \$1,335,723 was insured or collateralized as follows:

Insured by Depository Insurance	\$ 250,000
Collateralized under GUDPA	<u>1,085,723</u>
Total	\$ <u>1,335,723</u>

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The District does not have a policy that restricts investment choices beyond Title 18A:20-37.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account may be established by New Jersey school districts for the accumulation of funds for 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 deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Post-April 2005 transfers must be in compliance with P.L.2005, C73 (S1701). Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support cost of uncompleted capital projects of \$797,075, as shown in its approved LRFP.

The District transferred \$140,000 to a capital reserve account during the 2015-16 fiscal school year resulting in a balance as of June 30, 2016 of \$337,066.

NOTE 5. OPERATING LEASES

As of the audit date, the District has commitments to lease two copiers under operating leases that expire in 2018. The total amount of the operating lease obligations initiated in the year ended June 30, 2014 was \$19,005. The future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 4,751
2018	<u>792</u>
Total	<u>\$ 5,543</u>

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 6. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Retired</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets That are Not Being Depreciated:				
Land	\$ 35,442			\$ 35,442
Total Capital Assets Not Being Depreciated	35,442			35,442
Land Improvements	67,859		\$ 5,793	73,652
Building and Building Improvements	951,535	\$ 85,593	(13,027)	1,024,101
Machinery and Equipment	57,481	6,204	692	64,377
Totals at Historical Cost	1,076,875	91,797	(6,542)	1,162,130
Less Accumulated Depreciation for:				
Land Improvements	(67,859)	(387)	(965)	(69,211)
Building and Improvements	(635,619)	(24,356)	3,960	(656,015)
Machinery and Equipment	(40,089)	(4,477)	3,547	(41,019)
Total Accumulated Depreciation	(743,567)	(29,220)	6,542	(766,245)
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	333,308	62,577		395,885
Government Activities Capital Assets, Net	\$ 368,750	\$ 62,577	\$ -	\$ 431,327
				To A-1
Business-type Activities - Equipment	\$ 2,832		\$ 1,568	\$ 4,400
Less Accumulated Depreciation	(2,832)	(880)	2,392	(1,320)
Business-type activities capital assets, net	\$ -	\$ (880)	\$ 3,960	\$ 3,080

Depreciation expense was charged to governmental functions
as follows:

Unallocated \$ 29,220

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2016, the following changes occurred in long-term obligations:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due within</u> <u>One Year</u>	<u>Long-term</u> <u>Portion</u>
Governmental Activities:						
Loans Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Loans Payable						
Other Liabilities:						
Compensated Absences Payable	14,825		(6,525)	8,300	2,550	5,750
Total Other Liabilities	\$ 14,825	\$ -	\$ (6,525)	\$ 8,300	\$ 2,550	\$ 5,750

To A-1

A. Bonds Payable – Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. As the final bond payment was made during the 2013-14 school year, there is no Principal or Interest due subsequent to June 30, 2016.

B. Bonds Authorized But Not Issued – As of June 30, 2016, the District had no authorized but not issued bonds.

C. Capital Leases – There were no capital leases in force during as of the end of the audit year

NOTE 8. PENSION PLANS

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

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the School 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.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8. PENSION PLANS (CONT'D)

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

For the year ended June 30, 2016, the District recognized pension expense of \$307,358 and revenue of \$307,358 for support provided by the State.

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

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

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

Public Employees Retirement System					
Fiscal Year	Normal Contribution	Accrued Liability	Total Liability	Funded by State	Paid by District
2016	\$ 1,457	\$ 6,711	\$ 8,168	\$ N/A	\$ 8,168

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8. PENSION PLANS (CONT'D)

Vesting and Benefit Provisions

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

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

The following represents the membership tiers for TPAF and PERS:

Tier Definition

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

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

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8. PENSION PLANS (CONT'D)

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount. Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions. The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2016 because of the 100.00% special funding situation with the State of New Jersey.

Trend Information for TPAF (Paid on-behalf of the School District)

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/16	\$ 149,485	100 %	\$ N/A
6/30/15	111,411	100	N/A
6/30/14	91,945	100	N/A

During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$68,236 to the TPAF for pension contributions and \$81,249 for normal and post-retirement benefits on behalf of the School. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the School District \$64,089 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.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist. The School District's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

Contributions to the pension plan from the School District were \$8,605 for the fiscal year ended June 30, 2016. Employee contributions were \$6,862 for the fiscal year ended June 30, 2016.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8. PENSION PLANS (CONT'D)

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

Teachers' Pension and Annuity Fund - At June 30, 2016, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the School District.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined.

Public Employees' Retirement System - At June 30, 2016, the School District reported a liability of \$224,681 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the School District's proportion was .001001%, which represents a .000007% increase from the prior year.

For the fiscal year ended June 30, 2016, the School District recognized \$11,444 in the government-wide financial statements, for pension expense for PERS.

At June 30, 2016, the School 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	\$ 5,360	\$
Changes of assumptions	24,129	
Net difference between projected and actual earnings on pension plan investments		3,612
Changes in proportion and differences between District contributions and proportionate share of contributions	1,083	15,651
District contributions subsequent to the measurement date	8,605	
Total	<u>\$ 39,177</u>	<u>\$ 19,263</u>

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8. PENSION PLANS (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Public Employees' Retirement System (Cont'd) - \$8,605 reported as deferred outflows of resources related to pensions will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	PERS
2017	\$ 2,380
2018	2,380
2019	2,380
2020	2,380
2021	2,380
Thereafter	(592)
Total	\$ 11,309

Collective Balances at June 30, 2015 and 2016 are as follows:

	Actuarial Valuation Date	
	6/30/2015	6/30/2014
Collective deferred outflows of resources	\$ 5,086,138,484	\$ 1,032,618,058
Collective deferred inflows of resources	\$ 478,031,236	\$ 1,726,631,532
Collective net pension liability	\$ 46,170,131,656	\$ 38,849,838,953
District's Proportion	0.0010008935%	0.0009940737%

Actuarial Assumptions

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	PERS	TPAF
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Valuation Date	July 1, 2014	July 1, 2014
Investment Rate of Return	7.90%	7.90%
Salary Scale (Based on Age):		
2012-2021	2.15% - 4.40%	Varies based
Thereafter	3.15% - 5.40%	on Experience
Inflation	3.04%	2.50%

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8. PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

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

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

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of returns for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	PERS		TPAF	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%	5.00%	0.53%
U.S. Treasuries	1.75%	1.64%	1.75%	1.39%
Investment Grade Credit	10.00%	1.79%	13.50%	2.72%
Mortgages	2.10%	1.62%	2.10%	2.54%
High Yield Bonds	2.00%	4.03%	2.00%	4.57%
Inflation-Indexed Bonds	1.50%	3.25%	1.50%	1.30%
Broad US Equities	27.25%	8.52%	27.25%	5.63%
Developed Foreign Equities	12.00%	6.88%	12.00%	6.22%
Emerging Market Equities	6.40%	10.00%	6.40%	8.46%
Private Equity	9.25%	12.41%	9.25%	9.15%
Hedge Funds/Absolute Return	12.00%	4.72%	12.00%	14.57%
Real Estate (Property)	2.00%	6.83%	4.25%	3.97%
Commodities	1.00%	5.32%	1.00%	3.58%
Timber	n/a	n/a	1.00%	4.61%
Farmland	n/a	n/a	1.00%	4.61%
Global Debt ex US	3.50%	-0.40%	n/a	n/a
Real Estate (REITS)	4.25%	5.12%	n/a	n/a
Total	100%		100%	

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8. PENSION PLANS (CONT'D)

Actuarial Assumptions (Cont'd)

Discount Rate - The discount rate used to measure the total pension liability was 4.13% and 4.68% for TPAF as of June 30, 2015 and 2014, respectively, and 4.90% and 5.39% for PERS as of June 30, 2015 and 2014, respectively. For TPAF and PERS, these single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/ Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

Teachers' Pension and Annuity Fund (TPAF) - As indicated above, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution.

Public Employees' Retirement System (PERS) - The following presents the School District's proportionate share of the net pension liability at June 30, 2016 calculated using a discount rate of 4.90% for PERS, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (3.9%)	Current Discount (4.9%)	1% Increase (5.9%)
District's proportionate share of the net pension liability	\$ 279,250	\$ 224,681	\$ 178,930

Pension Plan Fiduciary Net Position

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

NOTE 9. 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.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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

It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving 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 10. COMPENSATED ABSENCES

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

District employees are granted varying amounts of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreement with the various employee unions.

In the district wide-Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components-the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016, a liability existed for compensated absences in the General Fund of \$8,300 and none in the Food Service Fund.

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrator is as follows: T. Rowe Price and Lincoln Financial

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 12. RISK MANAGEMENT

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

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

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

The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior two years:

<u>Fiscal Year</u>		<u>District Contributions</u>		<u>Employee Contributions</u>		<u>Amount Reimbursed</u>		<u>Ending Balance</u>
2015-2016	\$		\$	2,191	\$	69	\$	13,022
2014-2015				2,091		64		10,900
2013-2014				2,710		3,556		8,873

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

There were no interfunds on the various balance sheets at June 30, 2016.

NOTE 14. INVENTORY

As all meals are received by satellite from a neighboring school district, there is no inventory in the food service fund as of June 30, 2016.

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) 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.

NOTE 15. FUND BALANCE APPROPRIATED

General Fund – Of the \$545,592 General Fund balance at June 30, 2016, \$0 was restricted as excess surplus at June 30, 2016 in accordance with N.J.S.A. 18A:7F-7; (\$0 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2017); \$0 is Assigned for Encumbrances payable, \$337,066 is restricted for Capital Reserve Fund, of which \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2017; \$49,165 is restricted for Maintenance Reserve; \$8,313 has been appropriated and included as anticipated revenue for the year ending June 30, 2016 and \$151,048 is unreserved and undesignated.

Debt Service Fund – The Debt Service fund had no fund balance at June 30, 2016.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 16. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2005, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey School Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There was no excess fund balance at June 30, 2016 and therefore, none to be appropriated in the 2017-18 budget.

NOTE 17. LITIGATION

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

NOTE 18. DEFICIT FUND BALANCES

The District did not have any deficits of fund balance in the General or Special Revenue Fund as of June 30, 2016, as reported in the fund statements (modified accrual basis). N.J.S.A. 18A: 22-44.2 provides that in the event a state school aid payment is not made until the following school year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, a deficit does not alone indicate that the District is facing financial difficulties.

NOTE 19. SUBSEQUENT EVENTS

There were no other events noted, between the year-end and the date of the audit report, requiring disclosure.

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
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 Favorable (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,436,100	\$	\$ 1,436,100	\$ 1,436,100	\$
Interest on Investments-Capital Reserve				45	45
Interest on Investments				2,128	2,128
Miscellaneous	3,500		3,500	7,945	4,445
Total - Local Sources	1,439,600		1,439,600	1,446,218	6,618
State Sources:					
Equalization Aid	300,281		300,281	300,281	
Special Education Categorical Aid	69,516		69,516	69,516	
Security Aid	20,313		20,313	20,313	
Adjustment Aid	83,519		83,519	83,519	
Categorical Transportation Aid	54,311		54,311	54,311	
School Choice Aid	458,430		458,430	458,430	
Under Adequacy Aid	4,066		4,066	4,066	
Additional Adjustment Aid	10,915		10,915	10,915	
PARCC Readiness Aid	1,580		1,580	1,580	
Per Pupil Growth Aid	1,580		1,580	1,580	
Non-public Transportation Aid				870	870
On-behalf TPAF Post - Retire Medical (non-budgeted)				81,249	81,249
On-behalf TPAF Pension Contributions (non-budgeted)				68,236	68,236
Reimbursement TPAF Social Security Contributions (non-budgeted)				64,089	64,089
Total - State Sources	1,004,511		1,004,511	1,218,955	214,444
TOTAL REVENUES	\$ 2,444,111	\$	\$ 2,444,111	\$ 2,665,173	\$ 221,062
EXPENDITURES:					
Current Expense:					
Instruction - Regular Programs:					
Salaries of Teachers:					
Preschool/Kindergarten	\$ 66,697	\$ 5,000	\$ 71,697	\$ 69,870	\$ 1,827
Grades 1-5	351,713	25,500	377,213	372,594	4,619
Grades 6-8	239,577	(21,800)	217,777	216,590	1,187
Home Instruction:					
Salaries of Teachers	800	3,000	3,800	2,800	1,000
Purchased Professional - Educational Services	550		550		550
Undistributed Instruction - Regular					
Purchased Professional - Educational Services	61,000	(60,900)	100	85	15
Other Purchased Services	17,002	5,000	22,002	21,981	21
General Supplies	61,400	(21,900)	39,500	39,343	157
Textbooks	2,000	(1,000)	1,000		1,000
Other Objects	2,000		2,000	807	1,193
Total Regular Programs	802,739	(67,100)	735,639	724,070	11,569

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
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 Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Special Education:					
Resource Room:					
Salaries of Teachers	\$ 97,239	\$ 1,650	\$ 98,889	\$ 97,402	\$ 1,487
General Supplies	300		300	216	84
Total Resource Room	97,539	1,650	99,189	97,618	1,571
TOTAL SPECIAL EDUCATION	97,539	1,650	99,189	97,618	1,571
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	36,211	(1,650)	34,561	33,344	1,217
General Supplies	500		500		500
Total Basic Skills/Remedial - Instruction	36,711	(1,650)	35,061	33,344	1,717
School - Sponsored Co curricular Activities - Instruction:					
Salaries	1,000		1,000	500	500
Total School - Sponsored Co curricular Activities - Instruction	1,000		1,000	500	500
Total Instruction	937,989	(67,100)	870,889	855,532	15,357
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEA's within State-Regular	177,114		177,114	177,114	
Tuition - Other LEA's within State-Special	12,700	4,200	16,900	16,839	61
Tuition - County Voc School Districts-Regular	100,000	(13,200)	86,800	60,588	26,212
Tuition - CSSD & Regional Day Schools	80,500	11,014	91,514	54,278	37,236
Tuition - Private Schools for Disabled within State	47,340	(19,500)	27,840		27,840
Tuition - State Facilities	24,775		24,775	24,775	
Total Undistributed Expenditures - Instruction	442,429	(17,486)	424,943	333,594	91,349
Attendance and Social Work Services					
Salaries	9,450		9,450	9,450	
Purchased Professional and Technical Services	2,185		2,185	699	1,486
Total Attendance and Social Work Services	11,635		11,635	10,149	1,486
Health Services:					
Salaries	54,536	50	54,586	54,342	244
Purchased Professional and Technical Services	500	200	700	53	647
Other Purchased Services	250		250		250
Supplies and Materials	1,600	(250)	1,350	785	565
Total Health Services	56,886		56,886	55,180	1,706

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
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 Favorable (Unfavorable)</u>
EXPENDITURES: CURRENT EXPENSES (Continued)					
Undistributed Expenditures: (Continued)					
Other Support Services- Student- Related Services					
Purchased Professional- Educational Services	\$ 28,000		\$ 28,000	\$ 23,962	\$ 4,038
Supplies and Materials	300		300		300
Total Undist. Expend.- Other Supp Serv Student- Related Services	28,300		28,300	23,962	4,338
Special Education - Extraordinary Services:					
Salaries	33,864		33,864	17,488	16,376
Total Undist. Expend. - Other Supp. Serv. - Extra. Services	33,864		33,864	17,488	16,376
Guidance:					
Other Purchased Professional and Technical Services	1,000		1,000		1,000
Total Guidance	1,000		1,000		1,000
Child Study Team:					
Purchased Professional-Educational Services	38,671		38,671	33,479	5,192
Other Purchased Professional & Technical Services	800		800		800
Total Child Study Team	39,471		39,471	33,479	5,992
Improvement of Instruction Services/Other Support:					
Salaries of Secretarial and Clerical Assistants	500		500		500
Supplies & Materials					
Total Improvement of Instruction Services/Other Support	500		500		500
Educational Media Services - School Library					
Salaries	6,000		6,000	2,805	3,195
Total Educational Media Services - School Library:	6,000		6,000	2,805	3,195
Instructional Staff Training Services:					
Purchased Professional - Educational Services	3,000		3,000	3,000	
Other Purchased Services	2,800		2,800	912	1,888
Total Instructional Staff Training Services	5,800		5,800	3,912	1,888

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original</u> <u>Budget</u>	<u>Budget</u> <u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Final to Actual</u> <u>Favorable</u> <u>(Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Undistributed Expenditures: (Continued)					
Support Services General Administration:					
Salaries	\$ 59,941	\$ 16	\$ 59,957	59,732	\$ 225
Legal Services	2,500		2,500	376	2,124
Audit Fees	11,000		11,000	11,000	
Other Purchased Professional Services	3,700		3,700	2,275	1,425
Communications - Telephone	5,150	200	5,350	4,497	853
BOE Other Purchased Services	3,200	(3,000)	200		200
Other Purchased Services	9,714	3,000	12,714	11,025	1,689
General Supplies	1,800	(1,216)	584		584
Miscellaneous Expenditures	1,850		1,850	1,543	307
BOE Membership Dues and Fees	2,500	(700)	1,800	1,550	250
Total Support Services General Administration	101,355	(1,700)	99,655	91,998	7,657
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	48,366		48,366	48,366	
Salaries of Secretarial and Clerical Assistants	16,665		16,665	16,648	17
Other Purchased Services	350		350		350
Supplies and Materials	500		500	187	313
Total Support Services School Administration	65,881		65,881	65,201	680
Central Services:					
Purchased Professional Services	28,000	1,000	29,000	29,000	
Purchased Technical Services	9,200	1,200	10,400	9,905	495
Supplies and Materials	1,000	(500)	500	183	317
Total Central Services	38,200	1,700	39,900	39,088	812
Required Maintenance for School Facilities:					
Increase in Maintenance Reserve					
Salaries	6,462	730	7,192	7,173	19
Cleaning, Repair and Maintenance Services	21,000	(8,000)	13,000	11,057	1,943
General Supplies	2,500	(730)	1,770	244	1,526
Total Required Maintenance for School Facilities	29,962	(8,000)	21,962	18,474	3,488

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
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 Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Undistributed Expenditures: (Continued)					
Other Operation and Maintenance of Plant Services:					
Salaries	\$ 26,694	\$ 4,000	\$ 30,694	\$ 29,687	\$ 1,007
Purchased Professional and Technical Services	18,700	1,300	20,000	19,290	710
Cleaning, Repair and Maintenance Services	15,950	10,000	25,950	24,106	1,844
Insurance	9,116	(2,300)	6,816	6,413	403
Miscellaneous Purchased Services	100		100		100
General Supplies	10,500		10,500	9,313	1,187
Energy (Heat and Electricity)	13,500	2,000	15,500	13,861	1,639
Energy (Oil)	23,000	(14,700)	8,300	8,230	70
Total Other Operation and Maintenance of Plant Services	117,560	300	117,860	110,900	6,960
Total Operation and Maintenance of Plant Services	147,522	(7,700)	139,822	129,374	10,448
Student Transportation Services:					
Salaries for Pupil Trans (Between Home and School) - Sp. Ed.	3,000	150	3,150	3,150	
Other Purchased Professional and Technical Services	14,000	500	14,500	14,500	
Contracted Services - Aid in Lieu of Payments - Non Pub Sch	4,479		4,479	4,453	26
Contracted Services - Aid in Lieu of Payments - Choice Sch	2,688	2,800	5,488	4,862	626
Contracted Services (Between Home and School) - Vendors	58,906.00		58,906	58,651	255
Contracted Services (Other than Betw. Home and Sch) - Vendors	3,414.00	700	4,114	3,310	804
Contracted Services (Home/School) - Joint Agreements	6,080	(4,150)	1,930		1,930
Contracted Services (Regular Students) - ESCs	26,989	(7,000)	19,989	17,999	1,990
Contracted Services (Special Ed. Students) - ESCs	11,370	10,300	21,670	21,615	55
Total Student Transportation Services	130,926	3,300	134,226	128,540	5,686
Unallocated Benefits:					
Social Security Contributions	12,432	1,800	14,232	13,992	240
Other Retirement Contributions - PERS	15,000	(4,500)	10,500	10,474	26
Unemployment Compensation	3,500	(1,800)	1,700		1,700
Workmen's Compensation	15,218		15,218	14,858	360
Health Benefits	233,064	(12,100)	220,964	214,887	6,077
Tuition Reimbursement	6,000	(5,400)	600		600
Other Employee Benefits	9,000	6,500	15,500	15,500	
Unused Sick Payment to Terminated/ Retired Staff	1,100	(1,100)			
Total Unallocated Benefits /Total Personal Services - Employee Benefits	295,314	(16,600)	278,714	269,711	9,003
On-behalf TPAF Post - Retire Medical (Non-budgeted)				81,249	(81,249)
On-behalf TPAF Pension Contributions (Non-budgeted)				68,236	(68,236)
Reimbursement TPAF Social Security Contrib. (Non-budgeted)				64,089	(64,089)
Total Undistributed Expenditures	1,405,083	(38,486)	1,366,597	1,418,055	(51,458)
TOTAL EXPENDITURES - CURRENT EXPENSE	\$ 2,343,072	\$ (105,586)	\$ 2,237,486	\$ 2,273,587	\$ (36,101)

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original</u>	<u>Budget</u>	<u>Final</u>		<u>Variance</u>
	<u>Budget</u>	<u>Transfers</u>	<u>Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
					<u>Favorable</u>
					<u>(Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
CAPITAL OUTLAY:					
Undistributed Expenditures:					
Equipment:					
Admin Information Technology	\$	\$	\$	\$	\$
Custodial Services					
Total Equipment					
Facilities Acquisition & Construction Services:					
Architectural/Engineering Services	50,000	(45,750)	4,250	4,204	46
Construction Services	579,929	(577,929)	2,000	2,000	
Total Facilities Acquisition & Construction Services:	629,929	(623,679)	6,250	6,204	46
TOTAL CAPITAL OUTLAY	629,929	(623,679)	6,250	6,204	46
TOTAL EXPENDITURES	2,973,001	(729,265)	2,243,736	2,279,791	(36,055)
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(528,890)	729,265	200,375	385,382	185,007
Other Financing Sources (Uses):					
Capital Outlay Transferred to Capital Projects Fund		(581,851)	(581,851)	(482,515)	99,336
Capital Reserve Transferred to Capital Projects Fund		(253,000)	(253,000)	(253,000)	
Operating Transfer Out - Food Service Fund	(8,000)		(8,000)	(5,500)	2,500
Total Other Financing Sources (Uses)	(8,000)	(834,851)	(842,851)	(741,015)	101,836
Excess (Deficiency) of Revenues and Other					
Expenditures and Other Financing Uses	(536,890)	(105,586)	(642,476)	(355,633)	286,843
Fund Balances, July 1	993,734		993,734	993,734	
Fund Balances, June 30	\$ 456,844	\$ (105,586)	\$ 351,258	\$ 638,101	\$ 286,843
<u>RECAPITULATION:</u>					
Restricted Fund Balance:					
Capital Reserve				\$ 337,066	
Capital Reserve - Designated for Subsequent Year's Expenditures					
Maintenance Reserve				49,165	
Assigned to:					
Encumbrances Designated for Subsequent Year's Expenditures				8,313	
Unassigned				243,557	
TOTAL				638,101	
Reconciliation to Governmental Fund Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				(92,509)	
TOTAL				\$ 545,592	

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
BUDGET COMPARISON SCHEDULE - SPECIAL REVENUE FUND
AS OF 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:					
State Sources	\$	\$	\$	\$	\$
Federal Sources	97,246		97,246	97,246	
Other	2,110		2,110	2,110	
Total Revenues	<u>99,356</u>		<u>99,356</u>	<u>99,356</u>	
EXPENDITURES:					
Instruction					
Salaries of Teachers	11,663		11,663	11,663	
Salaries - Other	16,500		16,500	16,500	
Purchased Services - Other (400-500 series)	42,175		42,175	42,175	
General Supplies		19,641	19,641	19,641	
Total Instruction	<u>70,338</u>	<u>19,641</u>	<u>89,979</u>	<u>89,979</u>	
Support Services					
Employee Benefits	4,294		4,294	4,294	
Purchased Professional - Technical Services	661		661	661	
Other Purchased Services	2,312		2,312	2,312	
Maintenance/Cleaning/Repair	2,110		2,110	2,110	
Total Support Services	<u>9,377</u>		<u>9,377</u>	<u>9,377</u>	
Facilities and Acquisition Costs					
Land and Improvements					
Total Expenditures	<u>79,715</u>	<u>19,641</u>	<u>99,356</u>	<u>99,356</u>	
Other Financing Sources (Uses)					
Total Outflows					
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$	\$	\$	\$	\$

**NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$	2,665,173	[C-2] \$	99,356
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.		84,883		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(92,509)		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$	<u>2,657,547</u>	[B-2] \$	<u>99,356</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$	2,279,791	[C-2] \$	99,356
Differences - budget to GAAP				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.				
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.				
Net transfers (outflows) to general fund				
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$	<u>2,279,791</u>	[B-2] \$	<u>99,356</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

SCHEDULE L-1

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

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.00100089%	0.09940737%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 224,681	186,118
District's Covered-Employee Payroll	97,197	77,064
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	231.16%	241.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%

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

SCHEDULE L-2

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

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 8,605	8,195
Contributions in Relation to the Contractually Required Contribution	<u>(8,605)</u>	<u>(8,195)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 97,197	77,064
Contributions as a Percentage of Covered-Employee Payroll	8.85%	10.63%

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

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.00796431%	0.00823398%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 5,033,787	\$ 4,400,793
District's Covered-Employee Payroll	\$ 865,234	\$ 950,830
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	581.78%	462.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%

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

SCHEDULE L-4

Township of Elsinboro School District

SCHEDULE OF THE DISTRICT CONTRIBUTIONS

Teachers' Pension Plan

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

Note: This schedule is required by GASB 68 to show information for a 10 year period. However, information is only currently available for three years. Additional years will be presented as they become available.

**NOTES TO THE REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

ELSINBORO TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III
Pension Schedules
For the Fiscal Year Ended June 30, 2016

Teachers' Pension and Annuity Fund (TPAF)

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

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

Public Employees' Retirement System (PERS)

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

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

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

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

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>NCLB</u>				Totals 2016
	Title I Part A	Title II Part A	I.D.E.A. Part - B Basic	Sub-Total Per E-1a	
REVENUES:					
State Sources	\$	\$	\$	\$	\$
Federal Sources	32,457	2,312	42,175	20,302	97,246
Other				2,110	2,110
Total Revenues	32,457	2,312	42,175	22,412	99,356
EXPENDITURES:					
Instruction:					
Salaries of Teachers	11,663				11,663
Salaries - Other	16,500				16,500
Other - Purchased Services			42,175		42,175
General Supplies				19,641	19,641
Total Instruction	28,163		42,175	19,641	89,979
Support Services:					
Employee Benefits	4,294				4,294
Purchased Prof. & Technical Serv.				661	661
Other Purchased Services		2,312			2,312
Maintenance/Cleaning/Repair				2,110	2,110
Total Support Services	4,294	2,312		2,771	9,377
Facilities Acquisition and Constr. Servs.:					
Land and Improvements					
Total Facilities Acquisition and Construction Services:					
Total Expenditures	\$ 32,457	\$ 2,312	\$ 42,175	\$ 22,412	\$ 99,356

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>I.D.E.A.</u>		<u>NJSBAIG</u>	
	<u>Preschool</u>	<u>REAP</u>	<u>Safety</u>	<u>Totals</u>
			<u>Grant</u>	<u>2016</u>
REVENUES:				
State Sources	\$	\$	\$	\$
Federal Sources	661	19,641		20,302
Other			2,110	2,110
Total Revenues	<u>661</u>	<u>19,641</u>	<u>2,110</u>	<u>22,412</u>
EXPENDITURES:				
Instruction:				
General Supplies		19,641		19,641
Total Instruction		<u>19,641</u>		<u>19,641</u>
Support:				
Purchased Prof. & Technical Service	661			661
Maintenance/Cleaning/Repair			2,110	2,110
Total Support	<u>661</u>		<u>2,110</u>	<u>2,771</u>
Facilities Acquisition and Constr. Servs.:				
Land and Improvements				
Total Facilities Acquisition and Construction Services:				
Total Expenditures	<u>\$ 661</u>	<u>\$ 19,641</u>	<u>\$ 2,110</u>	<u>\$ 22,412</u>

CAPITAL PROJECTS FUND DETAIL STATEMENT

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Number</u>	<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance 6/30/15</u>	<u>Memo Only</u>	
			<u>Prior Year</u>	<u>Current Year</u>		<u>Encumbrances</u>	<u>Available Balance</u>
2015-1	Various Renovations at Elsinboro Elementary	\$ 1,225,858	\$	\$ 85,593	\$ 1,140,265	\$ 998,357	\$ 141,908
		<u>\$ 1,225,858</u>	<u>\$</u>	<u>\$ 85,593</u>	<u>\$ 1,140,265</u>	<u>\$ 998,357</u>	<u>\$ 141,908</u>
				Unearned SDA Aid	\$ 456,106		
				Fund Balance	684,159		
					<u>1,140,265</u>		

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2016

**Revenues and Other Financing
Sources**

Interest Earned	\$	
Transfer from Capital Outlay		482,515
Transfer from Capital Reserve		253,000
State Aid		34,237
		<hr/>
Total Revenues		769,752
		<hr/>

**Expenditures and Other Financing
Uses**

Other Professional and Technical Services		85,593
Construction Services		
		<hr/>
Total Expenditures		85,593
		<hr/>

Excess (Deficiency) of Revenues Over (Under) Expenditures		684,159
Fund Balance - Beginning		
		<hr/>
Fund Balance - Ending	\$	684,159
		<hr/> <hr/>

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

Various Renovations at Elsinboro School

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - EDA Grant	\$	\$ 490,343	\$ 490,343	\$ 490,343
Transfer from Capital outlay		482,515	482,515	482,515
Transfer from Capital Reserve		253,000	253,000	253,000
Total Revenues		<u>1,225,858</u>	<u>1,225,858</u>	<u>1,225,858</u>
Expenditures and Other Financing Uses				
Other Professional and Technical Services		85,593	85,593	116,750
Construction Services				1,109,108
Total Expenditures		<u>85,593</u>	<u>85,593</u>	<u>1,225,858</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$ <u>85,593</u>	\$ <u>1,140,265</u>	\$

Additional project information:

Project Number	1350-050-14-G3LL
Grant Date	2015
Original Authorization Cost	\$1,225,858
Additional Authorized Cost	\$0
Revised Authorized Cost	\$1,225,858
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	0%
Original Target Completion Date	11/14/16
Revised Target Completion Date	11/18/16

PROPRIETARY FUND DETAIL STATEMENTS

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

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

Internal Service Funds – This fund is used to serve organizational units within the district or to serve other governmental units.

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

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2016 AND 2015

	<u>SACC</u>	<u>Food Service Enterprise Fund</u>	<u>Totals</u>	
			<u>2016</u>	<u>2015</u>
ASSETS:				
Current Assets:				
Cash	\$ 6,903	\$ 8,520	\$ 15,423	\$ 9,678
Accounts Receivable:				
State		18	18	26
Federal		1,261	1,261	782
Other	1,289	15	1,304	
Total Current Assets	<u>8,192</u>	<u>9,814</u>	<u>18,006</u>	<u>10,486</u>
Fixed Assets:				
Equipment		4,400	4,400	2,832
Accumulated Depreciation		(1,320)	(1,320)	(2,832)
Total Fixed Assets		<u>3,080</u>	<u>3,080</u>	
Total Assets	<u>\$ 8,192</u>	<u>\$ 12,894</u>	<u>\$ 21,086</u>	<u>\$ 10,486</u>
LIABILITIES AND FUND EQUITY:				
LIABILITIES:				
Current Liabilities:				
Unearned Revenue	\$	\$ 316	\$ 316	\$
Total Current Liabilities		<u>316</u>	<u>316</u>	
Total Liabilities		<u>316</u>	<u>316</u>	
Net Position:				
Investment in Fixed Assets		3,080	3,080	
Net Position	8,192	9,498	17,690	10,486
Total Net Position	<u>8,192</u>	<u>12,578</u>	<u>20,770</u>	<u>10,486</u>
Total Liabilities and Fund Equity	<u>\$ 8,192</u>	<u>\$ 12,894</u>	<u>\$ 21,086</u>	<u>\$ 10,486</u>

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

	SACC	Food Service Enterprise Fund	Totals	
			2016	2015
OPERATING REVENUES:				
Local Sources:				
Daily Sales				
Reimbursable Programs	\$	\$ 8,373	\$ 8,373	\$ 9,620
Non-Reimbursable Sales		4,235	4,235	5,587
Program Fees	14,630		14,630	6,726
Total Operating Revenue	14,630	12,608	27,238	21,933
OPERATING EXPENSES:				
Salaries	6,795	7,372	14,167	12,562
Depreciation		880	880	
Other Costs		1,443	1,443	84
Cost of Sales		43,261	43,261	43,455
Supplies and Materials	951		951	570
Total Operating Expenses	7,746	52,956	60,702	56,671
Operating (Loss) Income	6,884	(40,348)	(33,464)	(34,738)
Non-Operating Revenues:				
State Sources:				
State School Lunch Program		464	464	460
Federal Sources:				
National School Lunch Program		21,349	21,349	18,617
National School Breakfast Program		5,094	5,094	3,952
Food Distribution Program		7,381	7,381	8,052
Total Non-Operating Revenues		34,288	34,288	31,081
Net (Loss) Income before Operating Transfers	6,884	(6,060)	824	(3,657)
Fixed Asset Adjustment		3,960	3,960	
Operating Transfer In - General Fund		5,500	5,500	6,000
Net (Loss) Income	6,884	3,400	10,284	2,343
Net Position - July 1	1,308	9,178	10,486	8,143
Net Position - June 30	\$ 8,192	\$ 12,578	\$ 20,770	\$ 10,486

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2016 AND 2015

	<u>SACC</u>	<u>Food Service Enterprise Fund</u>	<u>Totals</u>	
			<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 14,630	\$ 12,608	\$ 27,238	\$ 21,933
Payments to Employees	(6,795)	(7,372)	(14,167)	(12,562)
Payments to Suppliers	(2,240)	(44,874)	(47,114)	(43,194)
	5,595	(39,638)	(34,043)	(33,823)
Net Cash Used by Operating Activities				
Cash Flows from Noncapital Financing Activities				
Operating Transfer In-General Fund		5,500	5,500	6,000
Cash Received from State and Federal Reimbursements		34,288	34,288	31,081
		39,788	39,788	37,081
Net Cash Provided by Noncapital Financing Activities				
Cash Flows from Investing Activities				
Interest on Investments				
Net Cash Provided by Investing Activities				
Net Increase/(Decrease) in Cash	5,595	150	5,745	3,258
Cash and Cash Equivalents, July 1	1,308	8,370	9,678	6,420
Cash and Cash Equivalents, June 30	\$ 6,903	\$ 8,520	\$ 15,423	\$ 9,678
Operating Income (Loss)	\$ 6,884	\$ (40,348)	\$ (33,464)	\$ (34,738)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:				
Depreciation		880	880	
Change in Assets and Liabilities:				
Decrease/(Increase) in Accounts Receivable	(1,289)	(486)	(1,775)	915
(Decrease)/Increase in Deferred Revenue		316	316	
		880	880	
Net Cash Used by Operating Activities	\$ 5,595	\$ (39,638)	\$ (34,043)	\$ (33,823)

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS:		
Cash and Cash Equivalents	\$ 34,130	\$ 6,976
Accounts Receivable	28,030	27,720
	<u>62,160</u>	<u>34,696</u>
Total Assets	\$ 62,160	\$ 34,696
LIABILITIES:		
Unearned Revenues	\$	\$ 34,696
Accounts Payable		
	<u> </u>	<u>34,696</u>
Total Liabilities		34,696
NET POSITION		
Net Position	62,160	
	<u>62,160</u>	
Total Net Positon	62,160	
	<u> </u>	<u> </u>
Total Liabilities and Net Position	\$ 62,160	\$ 34,696

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES:		
Custodial Services		
LEAs Within the State	\$ 166,779	\$ 62,851
Total Operating Revenue	<u>166,779</u>	<u>62,851</u>
OPERATING EXPENSES:		
Salaries	12,150	29,028
Employee Benefits	929	4,911
Tuition		7,374
Transportation	91,540	21,341
Miscellaenous		197
Total Operating Expenses	<u>104,619</u>	<u>62,851</u>
Net Income (Loss)	<u>62,160</u>	
Net Position - July 1		
Net Position - June 30	<u>\$ 62,160</u>	<u>\$</u>

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 166,779	\$ 62,851
Payments to Employees and Employee Benefits	(139,625)	(52,405)
Net Cash Provided (Used) by Operating Activities	<u>27,154</u>	<u>10,446</u>
Net Increase in Cash and Cash Equivalents	<u>27,154</u>	<u>10,446</u>
Cash and Cash Equivalents, July 1	<u>6,976</u>	<u>(3,470)</u>
Cash and Cash Equivalents, June 30	<u>\$ 34,130</u>	<u>\$ 6,976</u>
Operating Income (Loss)	\$ 62,160	\$
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities		
Change in Assets and Liabilities		
(Increase)/Decrease in Intergovernmental Accounts Receivable	(310)	8,335
Increase/(Decrease) in Unearned Revenue	(34,696)	2,111
Net Cash Provided (Used) by Operating Activities	<u>\$ 27,154</u>	<u>\$ 10,446</u>

FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

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

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

ELSINBORO TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

	Unemployment Compensation Expendable Trust	Agency		Total	
		Student Activity	Payroll	2016	2015
ASSETS:					
Cash and Cash Equivalents	\$ 13,022	\$ 2,182	\$	\$ 15,204	\$ 21,287
Total Assets	13,022	2,182		15,204	21,287
LIABILITIES:					
Liabilities:					
Due to Student Groups		2,182		2,182	10,387
Total Liabilities		2,182		2,182	10,387
NET POSITION:					
Held in Trust for Unemployment Claims and Other Purposes	\$ 13,022	\$	\$	\$ 13,022	\$ 10,900

ELSINBORO TOWNSHIP SCHOOL DISTRICT
UNEMPLOYMENT COMPENSATION EXPENDABLE TRUST
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

ADDITIONS:

Contributions	
Plan Member	\$ 2,174
	<hr/>
Total Contributions	2,174
	<hr/>
Investment Earnings	
Interest	17
	<hr/>
Net Investment Earnings	17
	<hr/>
Total Additions	2,191
	<hr/>

DEDUCTIONS:

Quarterly Contribution Reports	
Unemployment Claims	69
	<hr/>
Total Deductions	69
	<hr/>

Change in Net Position 2,122

Net Position - July 1, 2015 10,900

Net Position - June 30, 2016 \$ 13,022

ELSINBORO TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1,</u> <u>2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u>	<u>Balance</u> <u>June 30,</u> <u>2016</u>
ELEMENTARY SCHOOL	\$ 10,387	\$ 24,437	\$ 32,642	\$	\$ 2,182

Analysis of June 30, 2016:

8th Grade Carryover	\$	712
Yerkes Donation		584
Miscellaneous		886
Total Elementary Schools	\$	<u>2,182</u>

ELSINBORO TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$	\$ 1,201,335	\$ 1,201,335	\$
	<u>\$</u>	<u>\$ 1,201,335</u>	<u>\$ 1,201,335</u>	<u>\$</u>
LIABILITIES:				
Interfund Payable				
Payroll Deductions and Withholdings	\$	\$ 1,201,335	\$ 1,201,335	\$
	<u>\$</u>	<u>\$ 1,201,335</u>	<u>\$ 1,201,335</u>	<u>\$</u>
Total Liabilities and Reserves	<u>\$</u>	<u>\$ 1,201,335</u>	<u>\$ 1,201,335</u>	<u>\$</u>

STATISTICAL SECTION

ELSINBORO TOWNSHIP SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(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	\$ 69,310	\$ 103,873	\$ 106,103	\$ 107,960	\$ 118,232	\$ 116,109	\$ 113,690	\$ 256,977	\$ 368,750	\$ 423,027
Restricted	192,268	345,383	509,883	365,507	200,775	226,472	403,053	154,591	783,076	1,078,703
Unrestricted	255,153	250,841	195,007	227,378	350,774	314,586	226,654	131,099	(91,196)	8,441
Total Governmental Activities Net Position	\$ 516,731	\$ 700,097	\$ 810,993	\$ 700,845	\$ 669,781	\$ 657,167	\$ 743,397	\$ 542,667	\$ 1,060,630	\$ 1,510,171
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 944	\$ 708	\$ 661	\$ 472	\$ 283	\$ 94	\$	\$	\$	\$ 3,080
Unrestricted	277	1,974	225	3,229	4,063	3,288	6,845	8,143	10,486	17,690
Total Business-Type Activities Net Position	\$ 1,221	\$ 2,682	\$ 886	\$ 3,701	\$ 4,346	\$ 3,382	\$ 6,845	\$ 8,143	\$ 10,486	\$ 20,770
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 70,254	\$ 104,581	\$ 106,764	\$ 108,432	\$ 118,515	\$ 116,203	\$ 113,690	\$ 256,977	\$ 368,750	\$ 426,107
Restricted	192,268	345,383	509,883	365,507	200,775	226,472	403,053	154,591	783,076	1,078,703
Unrestricted	255,430	252,815	195,232	230,607	354,837	317,874	233,499	139,242	(80,710)	26,131
Total District-Wide Net Position	\$ 517,952	\$ 702,779	\$ 811,879	\$ 704,546	\$ 674,127	\$ 660,549	\$ 750,242	\$ 550,810	\$ 1,071,116	\$ 1,530,941

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 626,855	648,155	655,082	760,235	714,192	706,745	738,117	770,541	855,755	814,049
Special Education	16,794	42,031	45,002	46,266	44,570	44,730	46,395	67,844	95,692	97,618
Other Special Instruction	150		36,142	34,793	38,987	38,979	22,856	25,348	36,000	33,844
Support Services										
Tuition	417,214	350,477	358,743	359,294	411,089	437,036	439,399	543,893	371,718	333,594
Student and Instruction Related Services	134,980	120,038	165,439	176,957	231,960	226,125	201,999	161,436	224,349	256,677
General and Business Administrative Services	74,017	75,297	77,098	73,807	75,596	74,543	90,093	88,156	87,537	91,998
School Administrative Services	48,818	42,956	43,272	42,836	44,103	44,705	51,123	61,477	63,561	65,201
Central Services and Information Technology		19,207	16,797	24,336	25,513	25,648	29,402	35,105	35,812	39,088
Plant Operations and Maintenance	122,996	126,837	149,472	113,968	113,117	106,441	116,197	126,080	115,835	129,374
Pupil Transportation	181,470	163,682	134,538	156,126	111,446	118,743	124,475	97,394	107,240	128,540
Employee Benefits	281,666	278,750	220,197	258,382	286,510	315,590	367,458	364,384	611,201	722,797
Interest on Long-Term Debt	4,910	4,289	3,649	2,982	2,291	1,566	817	27		
Unallocated Depreciation and Amortization	13,768	12,880	15,714	16,682	15,992	18,145	24,798	21,076	29,813	29,220
Total Governmental Activities Expenses	1,923,638	1,884,599	1,921,145	2,066,664	2,115,366	2,158,996	2,253,129	2,362,761	2,634,513	2,742,000
Business-Type Activities										
Food Service	47,636	45,797	39,632	30,341	33,259	38,856	41,911	44,345	51,179	52,956
SACC								4,540	5,492	7,746
Total Business-Type Activities Expense	47,636	45,797	39,632	30,341	33,259	38,856	41,911	48,885	56,671	60,702
Total District Expenses	\$ 1,971,274	1,930,396	1,960,777	2,097,005	2,148,625	2,197,852	2,295,040	2,411,646	2,691,184	2,802,702
Program Revenues										
Governmental Activities										
Operating Grants and Contributions	\$ 210,788	241,128	158,681	210,869	206,325	216,161	247,687	251,506	474,754	244,694
Charges for Services					49,994		60,526		62,851	166,779
Total Governmental Activities Program Revenues	210,788	241,128	158,681	210,869	256,319	216,161	308,213	251,506	537,605	411,473
Business-Type Activities										
Charges for Services										
Food Service	14,133	15,452	14,634	13,334	14,285	13,784	14,030	14,736	15,207	12,608
SACC								4,614	6,726	14,630
Operating Grants and Contributions	14,591	12,923	12,996	11,742	13,526	17,015	24,235	26,833	31,081	34,288
Total Business-Type Activities Program Revenues	28,724	28,375	27,630	25,076	27,811	30,799	38,265	46,183	53,014	61,526
Total District Program Revenues	\$ 239,512	269,503	186,311	235,945	284,130	246,960	346,478	297,689	590,619	472,999
Net (Expense)/Revenue										
Governmental Activities										
	\$ (1,712,850)	(1,643,471)	(1,762,464)	(1,855,795)	(1,859,047)	(1,942,835)	(1,944,916)	(2,111,255)	(2,096,908)	(2,330,527)
Business-Type Activities										
	(18,912)	(17,422)	(12,002)	(5,265)	(5,448)	(8,057)	(3,646)	(2,702)	(3,657)	824
Total District-Wide Net Expense	\$ (1,731,762)	(1,660,893)	(1,774,466)	(1,861,060)	(1,864,495)	(1,950,892)	(1,948,562)	(2,113,957)	(2,100,565)	(2,329,703)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purposes, Net	\$ 1,190,351	1,237,100	1,261,500	1,261,500	1,261,500	1,312,449	1,312,449	1,348,412	1,407,960	1,436,100
Taxes Levied for Debt Service	11,496	11,387	11,281	11,163	12,110	11,871	11,871	11,755		
Unrestricted Grants and Contributions	540,466	555,119	581,090	436,927	494,876	657,792	657,792	988,439	930,467	1,339,350
Tuition Received	26,247	27,531	20,720	27,941	32,207	29,104	29,104			
Investment Earnings	20,943	13,780	8,280	7,816	10,827	6,770	6,770	6,720	6,879	2,173
Miscellaneous Income	1,849	803	695	5,489	22,556	20,269	20,269	37,640	1,424	7,945
Prior Year Fixed Asset Adjustment	(10,972)			2,891						
Transfers	(18,987)	(18,883)	(10,206)	(8,080)	(6,093)	(7,109)	(7,109)	(4,000)		(5,500)
Total Governmental Activities	1,761,393	1,826,837	1,873,360	1,745,647	1,827,983	2,031,146	2,031,146	2,388,966	2,346,730	2,780,068
Business-Type Activities										
Transfer	18,987	18,883	10,206	8,080	6,093	7,109	7,109	4,000	-	5,500
Fixed Asset Adjustment										3,960
Total Business-Type Activities	18,987	18,883	10,206	8,080	6,093	7,109	7,109	4,000	-	9,460
Total District-Wide	\$ 1,780,380	1,845,720	1,883,566	1,753,727	1,834,076	2,038,255	2,038,255	2,392,966	2,346,730	2,789,528
Change in Net Position										
Governmental Activities										
	\$ 48,543	183,366	110,896	(110,148)	(31,064)	88,311	86,230	277,711	249,822	449,541
Business-Type Activities										
	75	1,461	(1,796)	2,815	645	(948)	3,463	1,298	(3,657)	10,284
Total District-Wide	\$ 48,618	184,827	109,100	(107,333)	(30,419)	87,363	89,693	279,009	246,165	459,825

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

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Restricted	\$ 222,268	\$ 302,688	\$ 514,258	\$ 381,905	\$ 343,353	\$ 356,779	\$ 453,368	\$ 478,441	\$ 628,147	\$ 386,231
Assigned - Encumbrances								154,591	154,929	8,313
Unassigned	242,452	311,171	207,290	228,732	232,832	208,183	193,525	152,527	125,775	151,048
Total General Fund	\$ 464,720	\$ 613,859	\$ 721,548	\$ 610,637	\$ 576,185	\$ 564,962	\$ 646,893	\$ 785,559	\$ 908,851	\$ 545,592
All Other Governmental Funds										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 684,159
Unreserved, Reported in:										
Special Revenue Fund	(60)	(682)								
Debt Service Fund	1									
Total All Other Governmental Funds	\$ (59)	\$ (682)	\$	\$	\$	\$	\$	\$	\$	\$ 684,159

Source: CAFR Schedule B-1

**EL SINBORO TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	\$ 1,201,847	\$ 1,248,487	\$ 1,272,781	\$ 1,272,663	\$ 1,273,610	\$ 1,298,716	\$ 1,324,320	\$ 1,360,167	\$ 1,407,960	\$ 1,436,100
Tuition Charges	26,247	27,531	20,720	27,941	32,207	39,039	29,104			
Interest Earnings	20,943	13,780	8,280	7,816	10,827	6,664	6,770	6,720	6,879	2,173
Miscellaneous	4,849	5,303	1,695	5,489	22,556	14,863	22,539	37,640	3,915	10,055
State Sources	693,391	725,272	682,314	513,490	607,989	631,348	824,077	1,145,396	1,112,963	1,245,566
Federal Sources	54,863	66,475	56,457	134,306	93,212	98,886	79,132	94,549	96,021	97,246
Other Sources										
Total Revenues	2,002,140	2,086,848	2,042,247	1,961,705	2,040,401	2,089,516	2,285,942	2,644,472	2,627,738	2,791,140
Expenditures										
Instruction										
Regular Instruction	626,855	648,155	655,082	760,235	714,192	706,745	738,117	770,541	855,755	814,049
Special Education Instruction	16,794	42,031	45,002	46,266	44,570	44,730	46,395	67,844	95,692	97,618
Other Special Instruction	150		36,142	34,793	38,987	38,979	22,856	25,348	36,000	33,844
Support Services										
Tuition	417,214	350,477	358,743	359,294	411,089	437,036	439,399	543,893	371,718	333,594
Student and Instruction Related Services	134,980	120,038	165,439	176,957	181,966	162,166	141,473	161,436	161,498	152,058
General Administrative Services	74,017	75,297	77,098	73,807	75,596	74,543	90,093	88,156	87,537	91,998
School Administrative Services	48,818	42,956	43,272	42,836	44,103	44,705	51,123	61,477	63,561	65,201
Central Services and Information Technology	15,742	19,207	16,797	24,336	25,513	25,648	29,402	35,105	35,812	39,088
Plant Operations and Maintenance	122,996	126,837	149,472	113,968	113,117	106,441	116,197	126,080	115,835	129,374
Pupil Transportation	181,470	163,682	134,538	156,126	111,446	118,743	124,475	97,394	107,240	128,540
Employee Benefits	265,699	278,750	219,547	257,632	279,310	315,990	373,833	359,781	426,212	487,579
Lease Purchase Interest										
Capital Outlay		33,364	4,059		10,767		5,792	147,178	141,586	91,797
Debt Service										
Principal	13,648	14,079	14,535	14,998	15,497	16,022	16,587	17,185		
Interest and Other Charges	5,184	4,576	3,944	3,288	2,607	1,898	1,160	388		
Total Expenditures	1,923,567	1,919,449	1,923,670	2,064,536	2,068,760	2,093,646	2,196,902	2,501,806	2,498,446	2,464,740
Excess (Deficiency) of Revenues Over (Under) Expenditures	78,573	167,399	118,577	(102,831)	(28,359)	(4,130)	89,040	142,666	129,292	326,400
Other Financing Sources (Uses)										
Capital Lease Transfers	(18,987)	(18,883)	(10,206)	(8,080)	(6,093)	(7,093)	(7,109)	(4,000)	(6,000)	(5,500)
Total Other Financing Sources (Uses)	(18,987)	(18,883)	(10,206)	(8,080)	(6,093)	(7,093)	(7,109)	(4,000)	(6,000)	(5,500)
Net Change in Fund Balances	\$ 59,586	\$ 148,516	\$ 108,371	\$ (110,911)	\$ (34,452)	\$ (11,223)	\$ 81,931	\$ 138,666	\$ 123,292	\$ 320,900
Debt Service as a Percentage of Noncapital Expenditures	0.98%	0.99%	0.96%	0.89%	0.88%	0.86%	0.81%	0.75%	0.00%	0.00%

Source: CAFR Schedule B-2

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Tuition</u>	<u>Interest</u>	<u>Shared</u> <u>Transportation</u>	<u>Local</u> <u>Grant</u>	<u>Prior Year</u> <u>Insurance</u> <u>Refund</u>	<u>Refund of</u> <u>Prior Year</u> <u>Expenditure</u>	<u>Misc.</u>	<u>Total</u>
2016	\$	\$	2,173	\$	\$	\$	\$	10,118
2015			6,879			1,322	102	8,303
2014			6,720			21,826	15,814	44,360
2013	29,104	6,770	7,200				13,069	56,143
2012	39,039	6,664	2,160				10,421	58,284
2011	32,207	10,827					20,247	63,281
2010	27,941	7,816					2,256	38,013
2009	20,720	8,280					695	29,695
2008				4,500			803	5,303
2007				3,000			1,849	4,849

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2016	\$ 3,787,900	\$ 99,819,700	\$ 10,286,700	\$ 1,375,300	\$ 3,434,100	\$ 118,703,700	\$ 258,677	\$ 118,962,377	1.249	\$ 114,222,157 *
2015	4,162,100	100,680,100	10,258,200	1,349,900	3,451,100	119,901,400	266,579	120,167,979	1.196	115,379,721
2014	3,902,700	101,931,200	10,324,900	1,470,300	3,451,100	121,080,200	258,052	121,338,252	1.160	116,503,362
2013	3,202,100	102,408,200	10,304,600	1,475,100	3,556,100	120,946,100	249,505	121,195,605	1.122	116,366,399
2012	3,262,600	101,665,400	10,239,200	1,475,100	3,701,300	120,343,600	222,960	120,566,560	1.099	112,041,337
2011	3,757,100	101,969,700	10,239,200	1,410,100	4,901,300	122,277,400	258,285	122,535,685	1.081	113,577,373
2010	3,896,300	101,992,900	10,159,100	1,401,900	4,901,100	122,351,300	285,651	122,636,951	1.039	119,200,000
2009	4,083,100	99,961,600	11,046,100	1,422,500	4,901,100	121,414,400	293,398	121,707,798	1.046	119,019,194
2008	4,249,400	100,235,200	11,159,000	1,391,400	4,901,100	121,936,100	269,601	122,205,701	1.042	104,337,422
2007	1,458,000	47,158,400	5,420,400	1,004,200	2,656,100	57,697,100	151,245	57,848,345	2.137	102,505,541

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

* Estimate

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

Year Ended June 30,	Elsinboro Township Board of Education			Overlapping Rates		Total
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Elsinboro Township	Salem County	
2016	1.249	0.000	1.249	0.356	0.960	2.565
2015	1.196	0.000	1.196	0.339	0.887	2.422
2014	1.150	0.010	1.16	0.331	0.852	2.343
2013	1.112	0.010	1.122	0.307	0.931	2.360
2012	1.089	0.010	1.099	0.299	0.879	2.277
2011	1.071	0.010	1.081	0.261	0.855	2.197
2010	1.029	0.010	1.039	0.242	0.814	2.095
2009 *	1.037	0.009	1.046	0.217	0.863	2.126
2008	1.032	0.010	1.042	0.198	0.792	2.032
2007	2.137	0.021	2.158	0.423	1.544	4.125

* First Year of Revaluation

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax

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

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

TOWNSHIP OF ELBINBORO SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

<u>Taxpayer</u>	<u>2016</u>		<u>2007</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Tri County Real Estate	\$ 1,100,000	0.91%	\$ 10,008,800	1.74%
Yrmanleen, LLC	675,000	0.56%	496,300	0.86%
Taxpayer #1	548,600	0.45%	459,500	0.79%
Taxpayer #2	542,000	0.45%	316,400	0.55%
Taxpayer #3	507,400	0.42%	300,000	0.52%
Taxpayer #4	498,500	0.41%	299,000	0.52%
Taxpayer #5	497,800	0.41%	285,500	0.49%
Taxpayer #6	469,500	0.39%	280,000	0.48%
R.F.I. Corp	420,000	0.35%	247,500	0.48%
Taxpayer #7	420,000	0.35%	247,000	0.43%
Total	\$ 5,678,800	4.68%	\$ 12,940,000	6.86%

Source: District CAFR & Municipal Tax Assessor

EXHIBIT J-9

ELSINBORO TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2016	\$ 1,436,100	\$ 1,436,100	100%	\$
2015	1,407,960	1,407,960	100%	
2014	1,360,167	1,407,960	100%	
2013	1,324,320	1,360,167	100%	
2012	1,298,716	1,324,320	100%	
2011	1,273,610	1,298,716	100%	
2010	1,272,663	1,273,610	100%	
2009	1,272,781	1,272,663	100%	
2008	1,248,487	1,272,781	100%	
2007	1,201,847	1,248,487	100%	

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

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

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of	
	General Obligation Bonds ^b	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Personal Income ^a		Per Capita ^a	
2016	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	N/A	\$ N/A	
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2013	17,185				17,185	0.04%	17	
2012	33,772				33,772	0.08%	33	
2011	49,794				49,794	0.12%	49	
2010	65,291				65,291	0.15%	62	
2009	80,289				80,289	0.19%	76	
2008	94,824				94,824	0.24%	90	
2007	108,903				108,903	0.28%	103	

Source: District CAFR Schedules I-1, I-2

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

a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

b Includes Early Retirement Incentive Plan (ERIP) refunding

ELSINBORO TOWNSHIP SCHOOL DISTRICT
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 ^a of Property		Per Capita ^b
	General Obligation Bonds	Deductions				
2016	\$ N/A	\$	\$ N/A	N/A	\$	N/A
2015	N/A		N/A	N/A		N/A
2014	N/A		N/A	N/A		N/A
2013	17,185		17,185	0.01%		17
2012	33,772		33,772	0.03%		33
2011	49,794		49,794	0.04%		49
2010	65,291		65,291	0.05%		62
2009	80,289		80,289	0.08%		76
2008	94,824		94,824	0.09%		90
2007	108,903		108,903	0.13%		103

* Estimate

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

a) See Exhibit NJ J-6 for property tax data.

b) Population data can be found in Exhibit NJ J-14.

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

EL SINBORO TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2016
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Elsinboro Township	\$ -	100%	\$ -
Other debt			
Salem County - Township's Share	40,394,432	2.09%	843,815
Subtotal, Overlapping Debt			<u>843,815</u>
Elsinboro Township School District Direct Debt			
Total Direct and Overlapping Debt			<u><u>\$ 843,815</u></u>

Sources: Elsinboro Township Finance Officer and Salem County Finance Office

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

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

ELSINBORO TOWNSHIP SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized Valuation Basis	
	2015	\$ 106,135,611
	2014	107,780,132
	2013	106,363,644
	[A]	\$ 320,279,387
Average Equalized Valuation of Taxable Property	[A/3]	\$ 106,759,796
Debt Limit (3% of Average Equalization Value)	[B]	3,202,794 ^a
Net Bonded School Debt	[C]	-
Legal Debt Margin	[B-C]	\$ 3,202,794

For Fiscal Year Ending,

	<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>
Debt Limit	\$ 2,528,132	\$ 1,979,004	\$ 3,167,993	\$ 3,442,518	\$ 3,442,518	\$ 3,391,946	\$ 3,429,742	\$ 3,357,537	\$ 3,296,921	\$ 3,202,794
Total Net Debt Applicable to Limit	108,903	94,824	80,289	65,291	49,794	33,772	17,185			
Legal Debt Margin	\$ 2,419,229	\$ 1,884,180	\$ 3,087,704	\$ 3,377,227	\$ 3,392,724	\$ 3,358,174	\$ 3,412,557	\$ 3,357,537	\$ 2,141,438	\$ 3,202,794
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	4.31%	4.79%	2.53%	1.90%	1.45%	1.00%	0.50%	0.00%	0.00%	0.00%

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

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

<u>Year</u>		<u>Population</u> ^a	<u>Personal Income (thousands of dollars)</u> ^b		<u>Per Capita Personal Income</u> ^c	<u>Unemployment Rate</u> ^d
2016	*	995	\$ 43,492,729	\$	43,711	9.90%
2015	*	997	42,125,000		43,279	8.00%
2014		1,004	42,381,027		42,850	8.10%
2013		1,011	42,626,955		41,262	9.50%
2012		1,022	42,630,300		40,817	3.50%
2011		1,029	42,372,140		40,818	3.40%
2010		1,034	41,040,494		39,460	3.60%
2009		1,050	40,921,650		38,815	3.40%
2008		1,051	41,087,794		38,892	1.50%
2007		1,053	38,979,954		36,610	1.50%

*Estimate

Source:

^a For Salem County, Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income

^c Per Capita

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

N/A Not Available at time of Audit

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

<u>Employer*</u>	<u>2016</u>		<u>2007</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
PSEG	1,300	2.54%		
EI duPont	1,250	2.44%		
Mannington Mills	826	1.61%		
Memorial Hospital of Salem County	600	1.17%		Not Available
Atlantic City Electric	426	0.83%		
RE Pierson Construction	400	0.78%		
Anchor Glass	361	0.70%		
McLane NJ	352	0.69%		
Elmer Hospital	350	0.68%		
Walmart	256	0.50%		
Berkowitz Glass	225	0.44%		
Siegfried (USA)	155	0.30%		
Ranch Hope	145	0.28%		
Wire-Pro Inc.	140	0.27%		
Home Care & Hospice Care of SJ	130	0.25%		
The Bank	130	0.25%		
Polyone	125	0.24%		
PSEG Nuclear Training	114	0.22%		
Cumberland Dairy	100	0.20%		
SJAP Naturalink	100	0.20%		
PE Kramme	80	0.16%		
SJ Transportation Co	80	0.16%		
Unico Services	77	0.15%		
Spark's Electric Inc.	75	0.15%		
First National Bank of Elmer	69	0.13%		
PG&E Generating	57	0.11%		
Franklin Savings Bank	55	0.11%		

Source: Salem County Economic Resource Guide

* Salem County

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

<u>Function/Program</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>
Instruction										
Regular	9.6	10.1	10.6	10.6	10.6	11.6	11.6	11.6	12.1	14.2
Special Education	0.5	1.0	1.0	2.0	2.0	1.0	1.0	1.0	2.0	2.0
Other Special Education										
Vocational										
Other instruction										
Support Services:										
Tuition										
Student & Instruction Related Services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	3.0	2.0
General Administrative Services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
School Administrative Services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Business Administrative Services				1	1.0	0.3	0.3	0.3		
Plant Operations and Maintenance				1	1.0	1.0	1.0	1.0	1.0	1.4
Food Service						1	0.5	0.5	0.8	1.0
Total	12.1	13.1	13.6	16.6	16.6	16.4	16.4	17.4	19.9	21.6

Source: District Personnel Records

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

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2016	142	\$ 2,372,943	\$ 16,711	-1.44%	15.2	8 : 1	126.8	120.6	-0.39%	95.11%
2015	139	2,356,860	16,956	-2.78%	14.1	9 : 1	127.3	121.0	-5.00%	95.05%
2014	134	2,337,055	17,441	-4.51%	12.6	11 : 1	134	128	13.27%	95.52%
2013	119	2,173,363	18,264	5.58%	12.6	9 : 1	118.3	112.8	19.37%	95.35%
2012	120	2,075,726	17,298	7.69%	12.6	8 : 1	99.1	94.6	2.38%	95.46%
2011	127	2,039,889	16,062	2.04%	11.6	9 : 1	96.8	92.4	-2.42%	95.45%
2010	130	2,046,250	15,740	13.43%	11.6	8 : 1	99.2	93.7	-1.49%	94.46%
2009	137	1,901,132	13,877	-17.52%	11.6	8 : 1	100.7	95.9	-5.62%	95.23%
2008	111	1,867,430	16,824	-1.95%	12	9 : 1	106.7	101.7	-2.73%	95.31%
2007	111	1,904,502	17,158	15.60%	10	11 : 1	109.7	104.8	-9.71%	95.53%

Sources: District records

Note: Enrollment based on annual October district count.

Enrollment includes Salem High School enrollment of 14

- a) Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b) Teaching staff includes only full-time equivalents of certificated staff.
- c) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

	<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>
<u>District Building</u>										
<u>Elementary</u>										
Elsinboro Elementary (1951)										
Square Feet	17,548	17,548	17,548	17,548	17,548	17,548	17,548	17,548	17,548	17,548
Capacity (Students)	202	202	202	202	202	202	202	202	202	202
Enrollment	111	111	104	97	101	100	119	134	127	142

Number of Schools at June 30, 2016
 Elementary = 1
 Middle School = 0
 Other = 0

Source: District records, ASSA

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

EL SINBORO TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(UNAUDITED)

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

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2,008</u>	<u>2007</u>
Elsinboro Elementary	17,548	\$ 18,474	\$ 16,282	\$ 24,796	\$ 15,209	\$ 16,045	\$ 15,568	\$ 16,478	\$ 26,442	\$ 12,684	\$ 15,562
Total School Facilities		<u>18,474</u>	<u>16,282</u>	<u>24,796</u>	<u>15,209</u>	<u>16,045</u>	<u>15,568</u>	<u>16,478</u>	<u>26,442</u>	<u>12,684</u>	<u>15,562</u>
Other Facilities											
Grand Total		<u>\$ 18,474</u>	<u>\$ 16,282</u>	<u>\$ 24,796</u>	<u>\$ 15,209</u>	<u>\$ 16,045</u>	<u>\$ 15,568</u>	<u>\$ 16,478</u>	<u>\$ 26,442</u>	<u>\$ 12,684</u>	<u>\$ 15,562</u>

ELSINBORO TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
SAIF	Property Blanket Building & Contents	\$ 2,598,283	\$ 2,500
	Comprehensive General Liability		
	Personal and Advertising Injury	5,000,000	
	Bodily Injury and Property Damage	5,000,000	
	Products and Completed Operations	5,000,000	
	Commercial Excess	5,000,000	
	Comprehensive Automobile Liability	5,000,000	
	Comprehensive Crime Coverage	500,000	1,000
	Premises Pollution	1,000,000	10,000
	Board of Education Legal Liability	5,000,000	5,000
NJSBAIG	Workers Compensation	2,000,000	
National Union Fire Insurance Company	Compulsory Student Accident	25,000	
	Catastrophic Student Accident Coverage		
	Maximum Benefit per Participant	2,000,000	
	Cash Benefit - Maximum Benefit	500,000	
The Ohio Casualty Insurance Company	Treasurer's Bond	150,000	
	Business Administrator's Bond	50,000	

Source: District Records

SINGLE AUDIT SECTION

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Elsinboro Township School District
County of Salem, New Jersey 08079

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Elsinboro Township School District, in the County of Salem, 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 Board of Education of the Elsinboro Township's basic financial statements and have issued our report thereon dated October 31, 2016. 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 the audit requirements as prescribed by the Office of School Finance, Department of Education, and State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Elsinboro Township Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Elsinboro Township Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Elsinboro Township Board of Education's internal control over financial reporting.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant

No. 915

October 31, 2016

NIGHTLINGER, COLAVITA & VOLPA

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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES REQUIRED BY UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE) AND NEW JERSEY TREASURY CIRCULAR OMB 15-08

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Elsinboro Township School District
County of Salem, New Jersey 08079

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Elsinboro Township School District, in the County of Salem, State of New Jersey, 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 Elsinboro Township School District's major federal and state programs for the fiscal year ended June 30, 2016. The Elsinboro Township Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Elsinboro Township Board of Education's major federal and state compliance based on our audit of the types of compliance requirements referred above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements as prescribed by the *Office of School Finance, Department of Education, State of New Jersey, Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey Treasury Circular OMB 15-08*. Those standards, *Uniform Guidance and New Jersey Treasury Circular OMB 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 federal and state program occurred. An audit includes examining, on a test basis, evidence about the Elsinboro Township Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Program

In our opinion, the Board of Education of the Elsinboro Township School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance; such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a major federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled *Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance* dated October 31, 2016. 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 Treasury Circular OMB 15-08.

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

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
October 31, 2016

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
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	Grant Period		Program or Award Amount	June 30, 2015		Cash Received	Budgetary Expenditures Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures	June 30, 2016		
				From	To		(Accounts Receivable)	Unearned Revenue					(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Education															
General Fund															
Total General Fund															
U.S. Department of Agriculture															
Passed-through State Department of Education:															
Enterprise Fund:															
National School Lunch Program	10.555	16161NJ304N1099	N/A	7/1/14	6/30/15	\$ 18,617	\$ (526)	\$ 526	\$	\$	\$	\$	\$	\$	
National School Lunch Program	10.555	16161NJ304N1099	N/A	7/1/15	6/30/16	21,349		20,460	(21,349)			(21,349)	(889)		
National School Breakfast Program	10.553	16161NJ304N1099	N/A	7/1/14	6/30/15	3,952	(256)	256							
National School Breakfast Program	10.553	16161NJ304N1099	N/A	7/1/15	6/30/16	5,094		4,722	(5,094)			(5,094)	(372)		
Food Distribution Program	10.565	Unknown	N/A	7/1/15	6/30/16	7,381		7,381	(7,381)						
Total Enterprise Fund							(782)	33,345	(33,824)			(26,443)	(1,261)		
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
Title I, Part A	84.010A	S010A150030	NCLB-1350-16	7/1/15	6/30/16	32,457		32,457	(32,457)			(32,457)			
I.D.E.A. Part B	84.027	H027A150100	IDEA-1350-16	7/1/15	6/30/16	42,175		42,175	(42,175)			(42,175)			
I.D.E.A. Preschool	84.173	HI73A150114	IDEAPS-1350-16	7/1/15	6/30/16	661		661	(661)			(661)			
Title II, Part A	84.367A	S367A150029	NCLB-1350-16	7/1/15	6/30/16	2,312		2,312	(2,312)			(2,312)			
REAP	84.358A	S358B150030	REAP-1350-16	7/1/15	6/30/16	19,641		19,641	(19,641)			(19,641)			
Total Special Revenue Fund								97,246	(97,246)			(97,246)			
Total Federal Financial Awards							\$ (782)	\$ 130,591	\$ (131,070)	\$	\$	\$ (131,070)	\$ (1,261)	\$	

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

These funds were not audited in accordance with the Uniform Guidance since the total of all grant expenditures did not exceed \$750,000.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2015			Balance at June 30, 2016			MEMO		
		From	To		(Accounts Receivable)	Unearned Revenue	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education													
General Fund													
Equalization Aid	16-495-034-5120-078	7/1/15	6/30/16	\$ 300,281									
Equalization Aid	15-495-034-5120-078	7/1/14	6/30/15	300,281	\$ (27,792)		\$ 272,627	\$ (300,281)	\$ (27,654)		* \$ (27,654)	\$ 300,281	
Special Education Categorical Aid	16-495-034-5120-089	7/1/15	6/30/16	69,516			27,792						
Special Education Categorical Aid	15-495-034-5120-089	7/1/14	6/30/15	69,516	(6,433)		63,114	(69,516)	(6,402)		* (6,402)	69,516	
Transportation Aid	16-495-034-5120-014	7/1/15	6/30/16	54,311			6,433						
Transportation Aid	15-495-034-5120-014	7/1/14	6/30/15	54,311	(5,026)		49,309	(54,311)	(5,002)		* (5,002)	54,311	
Security Aid	16-495-034-5120-084	7/1/15	6/30/16	20,313			5,026						
Security Aid	15-495-034-5120-084	7/1/14	6/30/15	20,313	(1,880)		18,442	(20,313)	(1,871)		* (1,871)	20,313	
Adjustment Aid	16-495-034-5120-085	7/1/15	6/30/16	83,519			1,880						
Adjustment Aid	15-495-034-5120-085	7/1/14	6/30/15	83,519	(7,729)		75,827	(83,519)	(7,692)		* (7,692)	83,519	
School Choice Aid	16-495-034-5120-068	7/1/15	6/30/16	458,430			7,729						
School Choice Aid	15-495-034-5120-068	7/1/14	6/30/15	491,175	(34,345)		416,212	(458,430)	(42,218)		* (42,218)	458,430	
Under Adequacy Aid	16-495-034-5120-096	7/1/15	6/30/16	4,066			34,345						
Under Adequacy Aid	15-495-034-5120-096	7/1/14	6/30/15	4,066	(376)		3,692	(4,066)	(374)		* (374)	4,066	
Additional Adjustment Aid	16-495-034-5120-085	7/1/15	6/30/16	10,915			376						
Additional Adjustment Aid	15-495-034-5120-085	7/1/14	6/30/15	10,915	(1,010)		9,910	(10,915)	(1,005)		* (1,005)	10,915	
PARCC Readiness aid	16-495-034-5120-098	7/1/15	6/30/16	1,580			1,010						
PARCC Readiness aid	15-495-034-5120-098	7/1/14	6/30/15	1,580	(146)		1,434	(1,580)	(146)		* (146)	1,580	
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15	6/30/16	1,580			146						
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14	6/30/15	1,580	(146)		1,434	(1,580)	(146)		* (146)	1,580	
Nonpublic Transportation Aid	16-495-034-5120-014	7/1/15	6/30/16	870			146						
Nonpublic Transportation Aid	15-495-034-5120-014	7/1/14	6/30/15	348	(348)			(870)	(870)		* (870)	870	
Reimbursed TPAF Social Security Contrib.	16-495-034-5094-003	7/1/15	6/30/16	64,089			348						
							64,089	(64,089)			* (64,089)	64,089	
Total General Fund													
					(85,231)		1,061,322	(1,069,470)	(93,379)			(92,509)	1,069,470
Capital Projects Fund:													
NJSDA Grant		7/1/15	Closing	490,343				(34,237)	(34,237)		*	34,237	
State Department of Agriculture													
Enterprise Fund:													
National School Lunch Prog. (State Share)	15-100-010-3350-023	7/1/15	6/30/16	464			446	(464)	(18)		*	464	
National School Lunch Prog. (State Share)	14-100-010-3350-023	7/1/14	6/30/15	460	(26)		26						
Total Enterprise Fund					(26)		472	(464)	(18)			464	
Total State Financial Assistance Subject to OMB 15-08					\$ (85,257)		\$ 1,061,794	\$ (1,104,171)	\$ (127,634)			\$ (92,509)	\$ 1,104,171
State Financial Assistance Not Subject to OMB 15-08													
On-Behalf TPAF Post Retirement Medical	16-495-034-5094-001	7/1/15	6/30/16	81,249			\$ 81,249	\$ (81,249)					
On-Behalf TPAF Pension Contribution	16-495-034-5094-006	7/1/15	6/30/16	68,236			68,236	(68,236)					
Total State Financial Assistance							\$ 1,211,279	\$ (1,253,656)					

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

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 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, and Audit Requirements for Federal Awards*, and New Jersey Treasury Circular OMB 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 a modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(7,626) for the general fund and \$0 for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2016
(Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 1,211,329	\$ 1,211,329
Special Revenue Fund	97,246		97,246
Capital Projects Fund		34,237	34,237
Food Service Fund	<u>33,824</u>	<u>464</u>	<u>34,288</u>
Total Financial Assistance	\$ <u>131,070</u>	\$ <u>1,246,030</u>	\$ <u>1,377,100</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

The Elsinboro School District had no loan balances outstanding during the year ended June 30, 2016.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, if any, represents the amount paid by the state on behalf of the district for the year ended June 30, 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: SCHOOL-WIDE PROGRAM FUNDS

School-wide programs are not separate Federal programs as defined in Uniform Guidance Requirements; amounts used in school-wide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditure of Federal Awards. There were no school-wide programs in the District.

ELSINBORO 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 X no
- 2) Significant deficiencies identified? _____ yes X none reported

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

Federal Awards

Internal control over major programs: N/A

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

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of Uniform Guidance? _____ yes X no

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
----------------	----------------	------------------------------------

N/A

Dollar threshold used to distinguish between type A and type B programs (section 518): \$ 750,000

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

ELSINBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)

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? X yes no

Internal control over major programs:

1) Material weakness (es) identified? yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Treasury Circular Letter 15-08 as applicable? yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
16-495-034-5120-078	Equalization Aid
16-495-034-5120-089	Special Education Categorical Aid
16-495-034-5120-084	Security Aid
16-495-034-5120-014	Transportation Aid
16-495-034-5120-096	Under Adequacy Aid
16-495-034-5120-098	PARCC Readiness Aid
16-495-034-5120-097	Per Pupil Growth Aid
16-495-034-5120-085	Adjustment Aid
16-495-034-5120-068	School Choice Aid

**ELSINBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)**

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weakness, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey that requires reporting in the Uniform Guidance, New Jersey Treasury Circular OMB 15-08 audit.

Finding: None

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Management's response:

ELSINBORO TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)

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

This section identifies the audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Guidance Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey Treasury Circular OMB 15-08, as applicable, for State Financial Assistance.

FEDERAL AWARDS

Finding: NONE

Information on the federal program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

STATE AWARDS

Finding: NONE

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**ELSINBORO TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior - year findings related to the basic financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, US OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* section .511(a)(b) and New Jersey Treasury Circular OMB's 04-04 and/or 15-08, as applicable.

STATUS OF PRIOR - YEAR FINDINGS

There were no prior year findings.