

**SCHOOL DISTRICT
OF
STOW CREEK TOWNSHIP**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Stow Creek Township Board of Education

Cumberland, New Jersey

For the Fiscal Year Ended June 30, 2016

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

Stow Creek Township Board of Education

Cumberland, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by

Stow Creek Township Board of Education

Finance Department

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE STOW CREEK TOWNSHIP SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

TABLE OF CONTENTS

<u>INTRODUCTORY SECTION</u>	<u>Page</u>
Letter of Transmittal	1-5
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	9-11
Required Supplementary Information - Part I Management's Discussion and Analysis (Unaudited)	12-19
Basic Financial Statements	
A. District-wide Financial Statements:	
A-1 Statement of Net Position	20
A-2 Statement of Activities	21
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	22
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	23
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Proprietary Funds:	
B-4 Statement of Net Position	25
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	26
B-6 Statement of Cash Flows	27
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	28
B-8 Statement of Changes in Fiduciary Net Position	29
Notes to the Financial Statements	30-56

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE STOW CREEK TOWNSHIP SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**TABLE OF CONTENTS
(Page 2)**

FINANCIAL SECTION (continued)	<u>Page</u>
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules (Unaudited):	
C-1 Budgetary Comparison Schedule - General Fund	57-63
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	N/A
C-1b Community Development Block Grant – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	64
 Notes to the Required Supplementary Information	
C-3 Budget-to-GAAP Reconciliation	65
 Required Supplementary Information - Part III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability – PERS	66
L-2 Schedule of District Contributions – PERS	67
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability – TPAF	68
L-4 Schedule of District Contributions - TPAF	69
Notes to the Required Supplementary Information – Part III	70
 Other Supplementary Information	
D. School Based Budget Schedules (if applicable)	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
 E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	71-73
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE STOW CREEK TOWNSHIP SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**TABLE OF CONTENTS
(Page 3)**

FINANCIAL SECTION (continued)	<u>Page</u>
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis	N/A
F-2a Schedule(s) of Project Revenues, Expenditures, Project Balance, And Project Status – Budgetary Basis	N/A
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Schedule of Net Position	74
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	75
G-3 Combining Schedule of Cash Flow	76
Internal Service Fund:	
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	77
H-2 Combining Statement of Changes in Fiduciary Net Position	78
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	79
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	80
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	N/A
I-2 Schedule of Obligations under Capital Leases	81
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE STOW CREEK TOWNSHIP SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**TABLE OF CONTENTS
(Page 4)**

STATISTICAL SECTION (Unaudited)		<u>Page</u>
Financial Trends Information		
J-1	Net Position by Component	82
J-2	Changes in Net Position	83
J-3	Fund Balances - Governmental Funds	84
J-4	Changes in Fund Balances, Governmental Funds	85
J-5	General Fund Other Local Revenue By Source	86
Revenue Capacity Information		
J-6	Assessed Value and Estimated Actual Value of Taxable Property	87
J-7	Direct and Overlapping Property Tax Rates	88
J-8	Principal Property Taxpayers	89
J-9	Property Tax Levies and Collections	90
Debt Capacity Information		
J-10	Ratios of Outstanding Debt by Type	91
J-11	Ratios of General Bonded Debt Outstanding	92
J-12	Direct and Overlapping Governmental Activities Debt	93
J-13	Legal Debt Margin Information	94
Demographic and Economic Information		
J-14	Demographic and Economic Statistics	95
J-15	Principal Employers	96
Operating Information		
J-16	Full-time Equivalent District Employees by Function/Program	97
J-17	Operating Statistics	98
J-18	School Building Information	99
J-19	Schedule of Required Maintenance Expenditures by School Facility	100
J-20	Insurance Schedule	101

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE STOW CREEK TOWNSHIP SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**TABLE OF CONTENTS
(Page 5)**

SINGLE AUDIT SECTION

K-1	Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	102-103
K-2	Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; And Report on Schedule of Expenditures Required by the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular Letter 15-08	104-105
K-3	Schedule of Expenditures of Federal Awards, Schedule A	106
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	107
K-5	Notes to Schedules of Awards and Financial Assistance	108-109
K-6	Schedule of Findings and Questioned Costs	110-113
K-7	Summary Schedule of Prior Year Audit Findings	114

INTRODUCTORY SECTION

Stow Creek Township School District

11 GUM TREE CORNER ROAD
SCHOOL OFFICE TEL (856) 455-1717
BUSINESS OFFICE TEL (856) 299-4240

BRIDGETON, NJ 08302-8951
FAX (856) 455-0833
FAX (856) 299-8182

Scott Bonham
Board President

John Klug
Chief School Administrator

Cherie Bratty
Board Secretary/
School Business Administrator

October 26, 2016

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

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 CFR 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:

Stow Creek Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the district is organized on a basis of governmental, business-type and fiduciary funds, which are all included in this report. The Stow Creek Township Board of Education and its one school constitute the District's reporting entity.

Stow Creek Township School District provides a full range of educational services appropriate for grade levels Pre-K through Eighth grade. These include regular education, as well as special education for handicapped students. Our students in grades 9-12 are sent to Cumberland Regional High. The Stow Creek Township School District completed the 2015-2016 fiscal year with an enrollment of 112 students, which was the same number of students as the prior year. The following changes in the student enrollment of the District over the last ten years show a leveling off for the later years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-16	112	0%
2014-15	112	(3)%
2013-14	116	(1)%
2012-13	117	0%
2011-12	117	(12)%
2010-11	133	(1)%
2009-10	134	(2)%
2008-09	137	(1)%
2007-08	138	(2)%
2006-07	141	(1) %
2005-06	143	5%

2. ECONOMIC CONDITION AND OUTLOOK:

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

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

3. MAJOR INITIATIVES:

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

Stow Creek Township is continuing its major technology initiatives this year. The entire school has been rewired for a 50 times faster Internet connection to allow for effective use of a One-to-One laptop/tablet initiative for all 5th through 8th Grade students this year. The district has gone to completely digital textbooks in grades 5-8; this has the dual advantages of costs savings and considerably improved instructional materials in terms of interactivity, currency of information, motivation, and in particular enhanced and evolving differentiated instruction to the pupil level. Technology teacher to work with our staff as an in-house technology infusion specialist. We have also opened this intensive hands-on training-the trainer to neighboring school districts to share the cost. We have dedicated the rents received from the new cell tower erected on school property this year to helping fund these educational technology advances. With its 4-G capabilities the on-site tower has the extra advantage, in addition to the rent earned, of providing cost competition for internet service since previously only one internet provider operated in the district.

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

We will be updating our Math and Language Arts standards to the new New Jersey standards as mandated by the NJ Board of Education in June. With the deadline for this newest adoption being set as September 1, 2017 this will have to be the focus of our Professional Development and staff training this year.

Stow Creek, on behalf of the partnership, is continuing to enter into other collaborative relationships with surrounding districts and businesses. We now share a World Languages teacher one period a day with Hopewell Crest, share CST services with Deerfield, Business office services with Oldman's, business administrator services with Upper Deerfield, as well as, our numerous shared services with Greenwich in the partnership. By negotiating as one larger entity and sharing those services and costs with Greenwich, Stow Creek has negotiated better contract terms with our Student Information System provider, our outsourced IT provider and our automated telephone contact system provider, technology providers, textbook publishers and others.

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

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

5. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 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 1.

7. FINANCIAL INFORMATION AT FISCAL YEAR END:

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

8. DEBT ADMINISTRATION:

As of June 30, 2016, the District does not have any debt, other than \$44,747 in a capital lease and \$59,687 in uncompensated absences. The amount available to authorize debt is \$3,216,449

9. CASH MANAGEMENT:

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

10. RISK MANAGEMENT:

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

11. OTHER INFORMATION:


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.

12. ACKNOWLEDGMENTS:

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

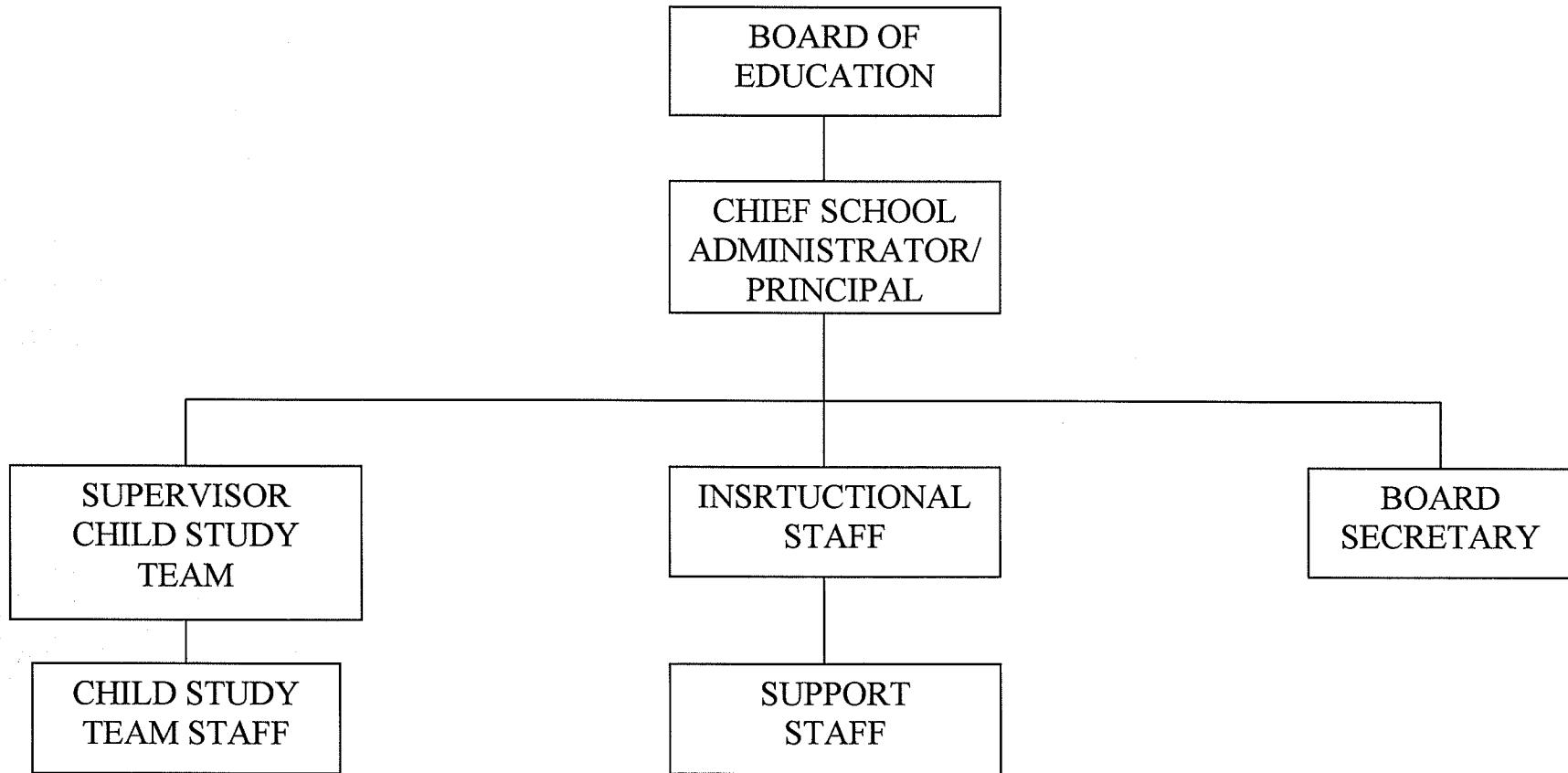
Respectfully submitted,


John Klug
Chief School Administrator


Cherie Bratty
Board Secretary / Business Administrator

STOW CREEK TOWNSHIP SCHOOL DISTRICT

ORGANIZATIONAL CHART (UNIT CONTROL)



STOW CREEK TOWNSHIP BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2016

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Scott Bonham, President	2016
Kate Thompson, Vice President	2018
Kevin Coll	2017
Andrea Levick	2016
Beth Iwaszkiewics	2018
Fred Hovermann	2018
Leigha Saulin	2017
Cajya Darling	2017
Kelly Fithian	2016
<u>OTHER OFFICIALS</u>	<u>Bond Coverage</u>
John Klug, Chief School Administrator	
Cherie Bratty, Interim Board Secretary/Business Administrator	
Kimberly Fleetwood, Treasurer of School Monies	\$ 130,000
Jane B. Capasso, Esq., Solicitor	

STOW CREEK TOWNSHIP SCHOOL DISTRICT
CONSULTANTS AND ADVISORS

AUDIT FIRM

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

ATTORNEY

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

OFFICIAL DEPOSITORY

Bank of America
500 Shiloh Pike
Bridgeton, New Jersey 08302

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

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

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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

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

October 26, 2016

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Stow Creek Township School District
County of Cumberland, 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 Stow Creek Township School District in the County of Cumberland, 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 Stow Creek 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 Stow Creek Township Board of Education in the County of Cumberland, 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 placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Stow Creek 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 OMB's Circular 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 26, 2016 on our consideration of the Stow Creek 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 *Governments Auditing Standards* in considering Stow Creek 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

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

This section of the Stow Creek Township School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ending on June 30, 2016. Comparative information between the current year (2015-16) and the prior year (2014-15) is required to be presented in the MD&A. The intent of the discussion and analysis is to look at the District's financial performance as a whole. Interested parties should review the basic financial statements and notes in concert with this document in order to enhance and clarify their understanding of the finances of the District.

Using the Comprehensive Annual Financial Report (CAFR)

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

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

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

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

Key financial highlights for 2016 are as follows:

- The assets of the Stow Creek School District exceeded its liabilities at the close of the most recent fiscal year on June 30, 2016 by \$431,962.
- Total net position of governmental activities increased by \$121,425, comprised of changes in various assets and liabilities. The net position of Business-type Activities decreased by \$285.
- As of the close of the current fiscal year, the Township of Stow Creek School District's Governmental Funds reflected combined ending fund balances of \$ 486,728, which is a increase of \$133,364 from the prior year.

- General revenues accounted for \$2,086,968, which was 81% percent of total revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$483,281 or 19% percent to total revenues of \$2,570,249.
- The School District had \$2,449,109 in expenses, of which only \$483,281 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily federal awards, state aid and property taxes) were adequate to provide for these programs, which include the Business-type Activities.
- The General Governmental Fund had \$2,151,042 in revenues, \$2,010,413 in expenditures and \$(7,265) in other net financing sources. The General Fund balance increased \$133,364 over 2016. This decrease was anticipated by the Board of Education, although fund balance of \$47,228 was used to balance the budget.

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

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

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

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

In the Statement of Net Position and the Statement of Activities, which represent the district-wide financial statements, the School District is divided into two distinct kinds of activities:

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

The District may implement four types of funds:

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

The School District as a Whole

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

Table 1
Net Position

	2016	2015
Assets		
Current and Other Assets	\$ 853,826	\$ 658,337
Capital Assets, Net	433,057	445,763
Total Assets	1,286,883	1,104,100
Deferred Outflow of Resources	81,281	36301
Liabilities		
Current Liabilities	738,277	691,383
Long-term Liabilities	174,434	114,826
Total Liabilities	912,711	806,209
Deferred Inflow of Resources	23,491	23370
Net Position		
Invested in Capital Assets, Net of Debt	388,310	379,378
Restricted	317,106	180,035
Unrestricted (Deficit)	(273,454)	(248,591)
Total Net Position	\$ 431,962	\$ 310,822

Table 2 shows the changes in net position from fiscal year's 2016 and 2015.

Table 2
Changes in Net Position

	<u>2016</u>	<u>2015</u>
Revenues		
Programs Revenues		
Charges for Services	\$ 62,344	\$ 55,492
Operating Grants	420,937	477,176
General Revenues		
Property Taxes	1,030,397	1,019,220
Grants and Entitlements	965,397	831,394
Other	91,174	66,197
	<u>2,570,249</u>	<u>2,449,479</u>
Program Expenses		
Instruction	804,822	835,308
Tuition	11,175	34,831
Pupil and Instructional Staff	144,172	153,350
General Administration, School		
Administration, Business	182,811	183,587
Operations and Maintenance of Facilities	199,520	191,315
Pupil Transportation	167,778	171,145
Employee Benefits	847,299	676,487
Food Service & After School Care	90,793	91,586
Interest on Debt	739	739
	<u>2,449,109</u>	<u>2,338,348</u>
Less: Fixed Asset Adjustment		
Increase in Net Position	<u>\$ 121,140</u>	<u>\$ 111,131</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. The District's Property taxes made up 49.4% percent of the net revenues for governmental activities of \$2,086,941. Unrestricted Federal, state and local grants accounted for another 46.3%. The total cost of services, as shown below, was \$2,449,109. The net cost of all governmental programs and services, which excludes charges for services and operating grants, was \$1,958,251. Instruction comprises 38.2% of these net District expenses.

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

Table 3

	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>
Instruction	\$ 804,822	\$ 748,388	\$ 835,308	\$ 728,675
Tuition	11,175	11,175	34,831	34,831
Pupil and Instructional Staff	144,172	108,941	153,350	118,810
General Administration, School				
Administration, Business	182,811	182,811	183,587	183,587
Operation and Maintenance of Facilities	199,520	199,520	191,315	191,315
Pupil Transportation	167,778	167,778	171,145	171,145
Employee Benefits	847,299	538,899	676,487	365,761
Enterprise Funds	90,793	7,577	91,586	10,817
Interest on Debt	739	739	739	739
Total Expenses	<u>\$ 2,449,109</u>	<u>\$ 1,965,828</u>	<u>\$ 2,338,348</u>	<u>\$ 1,805,680</u>

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

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

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

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

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

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

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

Business-Type Activities

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

- Expenditures exceeded Revenues by \$10,544 in the Food Service Fund and Revenues exceeded Expenditures by \$2,967 in the After School Childcare Program. This excess was offset by a board subsidy of \$7,265 and miscellaneous income of \$27. This resulted in a negative change in net position of \$285.

- Charges for services represent \$46,045 in the Food Service Fund and \$16,299 in the After School Childcare Program. This represents amount paid by patrons for daily food service activities and after school childcare.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$20,872.

The School District's Funds

Information about the School District's major funds starts on page 22. These funds are accounted for using the modified accrual basis of accounting. The governmental funds used (i.e., General Fund, Special Revenue Fund and Capital Project Fund presented in the fund-based statements) had total revenues of \$2,246,761, expenditures of \$2,106,132 and other net financing sources of \$(7,265). The net financing sources represented a transfer of \$1,000 to the Food Service Fund. The net change in fund balance for the year was \$133,364. This demonstrates that the District was able to meet current operating costs with no urgent need for additional funds other than \$95,000 in surplus appropriated to balance the 2015-16 budget.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the Governmental Funds (excluding Capital Projects) for the fiscal year ended June 30, 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	\$ 1,121,544	49.92%	\$ 36,186	3.33%
State Sources	1,048,328	46.66%	56,373	5.68%
Federal Sources	76,889	3.42%	(48,764)	-38.81%
Total	<u>\$ 2,246,761</u>	<u>100.00%</u>	<u>\$ 43,795</u>	<u>1.99%</u>

The increase in Local sources is attributed to increases in the tax levy of \$11,177, tuition of \$6,720, general fund transportation of \$1,450, and miscellaneous revenues of \$16,839.

The increase in State sources is attributed to a increase in State Public School aid of \$59,789, offset by a decrease in Special Revenue Fund Grants of \$3,416.

The above schedule includes the two last state aid payments for 2014-2015 of \$78,237 received in July 2015 and does not include the two last state aid payments for 2015-2016 received in July 2016 in the amount of \$81,248.

The decrease in Federal sources is due to various decreases in the Special Revenue Fund Grants. In addition, the 2016 figures do not include deferred revenue in accordance with GAAP accounting.

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

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease from 2015)</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 797,797	37.88%	\$ (30,486)	-3.68%
Undistributed expenditures	1,257,860	59.72%	49,392	4.09%
Capital Outlay	50,475	2.40%	(131,004)	-72.19%
Total	<u>\$ 2,106,132</u>	<u>100.00%</u>	<u>\$ (112,098)</u>	<u>-5.05%</u>

The decrease in Instructional Expenditures is attributed to a decrease in Regular Instruction of \$42,835, offset by an increase of \$1,313 in Special Instructional Expenses and \$11,036 in Other Instructional Expenses.

The increase in Undistributed Expenditures was due to increases in Employee Benefits of \$79,569, Plant and Maintenance costs of \$6,800, offset by decreases in Tuition of \$23,656, Student Related costs of \$9,178, Administration/Central Services costs of \$776 and Transportation costs of \$3,367.

The decrease in Capital Outlay is attributed to a decrease in facility acquisition costs.

General Fund Budgeting Highlights

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

During the course of the fiscal year 2016, the School District amended its General Fund budget as needed. The School District uses program based budgeting. These budgeting systems are designed to tightly control total program budgets while providing flexibility for program management to address the following:

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

While the District's final budget for the general fund anticipated that revenues, including surplus appropriated, would roughly equal expenditures, the actual results for the year show an increase of \$136,375 as shown on Exhibit C-1.

- Actual revenues were \$27,831 more than expected, excluding on-behalf pension and social security reimbursements of \$199,391, due to the increased adjustment aid.
- Actual expenditures were \$171,189 less than expected. This excludes state on-behalf pension and social security reimbursements of \$199,391 and reflects favorable variances in most expenditure accounts.

Capital Assets

At the end of the fiscal year 2016, the School District had \$433,057 (net of accumulated depreciation) invested in land, buildings, furniture and equipment, and vehicles. 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 Improvements	\$ 9,229	\$ 10,392
Building and Improvements	178,489	157,195
Vehicles	208,681	231,057
Equipment	36,658	47,119
Totals	<u>\$ 433,057</u>	<u>\$ 445,763</u>

Overall net Capital Assets decreased by \$12,706 from fiscal year 2015 to fiscal year 2016, representing additions of \$28,098, offset by depreciation expense of \$40,804.

Long-Term Debt:

At year-end, the District had outstanding long-term debt of \$44,747 in capital leases and compensated absences of \$59,687. There was no other outstanding debt authorized or issued (Note 6 to the Financial Statements). The amount of debt available for authorization by statute is \$3,216,449.

Factors Bearing on the District's Future

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT WIDE FINANCIAL STATEMENTS

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

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

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

STOW CREEK TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 772,423	\$ 10,137	\$ 782,560
Receivables, Net	39,399	4,292	43,691
Interfunds Receivable	24,573		24,573
Inventory		2,141	2,141
Restricted Assets:			
Capital Reserve Account - Cash	861		861
Capital Assets, Net (Note 5)	428,244	4,813	433,057
Total Assets	1,265,500	21,383	1,286,883
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Pension Outflows	81,281		81,281
LIABILITIES			
Current Liabilities:			
Accounts Payable	25,988	9,922	35,910
Interfund Payable	1,000		1,000
Payable to State Governments	2,825		2,825
Unearned Revenue	320,715	685	321,400
Net Pension Liability	447,142		447,142
Noncurrent Liabilities:			
Due Within One Year	22,125		22,125
Due Beyond One Year	82,309		82,309
Total Liabilities	902,104	10,607	912,711
DEFERRED INFLOWS OF RESOURCES:			
Deferred Pension Inflows	23,491		23,491
Net Position			
Invested in Capital Assets, Net of Related Debt	383,497	4,813	388,310
Restricted for:			
Capital Projects	74,344		74,344
Excess Surplus	164,657		164,657
Other Purposes	78,105		78,105
Unrestricted (Deficit)	(279,417)	5,963	(273,454)
Total Net Position	\$ 421,186	\$ 10,776	\$ 431,962

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

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

	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 717,894	\$	\$ 56,434	\$ (661,460)	\$	\$ (661,460)
Special Education	52,738			(52,738)		(52,738)
Other Instruction	34,190			(34,190)		(34,190)
Support Services:						
Tuition	11,175			(11,175)		(11,175)
Student & Instruction Related Services	144,172		35,231	(108,941)		(108,941)
General and Business Administrative Services	129,081			(129,081)		(129,081)
School Administrative Services	21,095			(21,095)		(21,095)
Central Services	32,635			(32,635)		(32,635)
Plant Operations and Maintenance	199,520			(199,520)		(199,520)
Pupil Transportation	167,778			(167,778)		(167,778)
Unallocated Benefits	847,299		308,400	(538,899)		(538,899)
Interest on Debt	739			(739)		(739)
Total Governmental Activities	2,358,316		400,065	(1,958,251)		(1,958,251)
Business-type Activities:						
Food Service	77,461	46,045	20,872		(10,544)	(10,544)
After School Childcare	13,332	16,299			2,967	2,967
Total Business-type Activities	90,793	62,344	20,872		(7,577)	(7,577)
Total Primary Government	\$ 2,449,109	\$ 62,344	\$ 420,937	(1,958,251)	(7,577)	(1,965,828)
General revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				1,030,397		1,030,397
Federal and State Aid not restricted				965,397		965,397
Tuition Received				12,960		12,960
Transportation Fees Received				37,250		37,250
Miscellaneous Income				40,937		40,937
Transfer				(7,265)	7,265	
Interest					27	27
Total General Revenues, Special Items, Extraordinary Items and Transfers				2,079,676	7,292	2,086,968
				Change in Net Position	(285)	121,140
				Net Position - Beginning	11,061	310,822
				Net Position - Ending	\$ 421,186	\$ 431,962

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

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

STOW CREEK TOWNSHIP BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 778,828	\$	\$ 778,828
Cash - Capital Reserve	861		861
Accounts Receivables:			
State	870		870
Federal		37,617	37,617
Other	912		912
Interfund Receivable	32,159		32,159
Total Assets	<u>\$ 813,630</u>	<u>\$ 37,617</u>	<u>\$ 851,247</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 21,786	\$ 4,202	\$ 25,988
Prepaid Local School Tax	254,545		254,545
Interfund Payable	7,405	7,586	14,991
Payable to State Government		2,825	2,825
Unearned Revenue	43,166	23,004	66,170
Total Liabilities	<u>326,902</u>	<u>37,617</u>	<u>364,519</u>
Fund Balances:			
Restricted For:			
Capital Reserve	74,344		74,344
Maintenance Reserve	60,000		60,000
Excess Surplus - Designated for Subsequent Year's Expenditures	42,047		42,047
Excess Surplus	122,610		122,610
Assigned To:			
Year - End Encumbrances	16,539		16,539
Assigned Fund Balance:			
Designated for Subsequent Year's Expenditures	1,566		1,566
Unassigned, Reported In:			
General Fund	169,622		169,622
Total Fund Balances	<u>486,728</u>		<u>486,728</u>
Total Liabilities and Fund Balances	<u>\$ 813,630</u>	<u>\$ 37,617</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$950,942 and the accumulated depreciation is \$522,698 (Note 5).	428,244
Deferred Outflows of Resources - Deferred Pension Contributions	81,281
Deferred Inflows of Resources - Pension Actuarial gains	(23,491)
Long-term Liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(447,142)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6).	(104,434)
Net Position of Governmental Activities	<u>\$ 421,186</u>

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

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Local Sources:			
Local Tax Levy	\$ 1,030,397		\$ 1,030,397
Tuition from Individuals	12,960		12,960
Transportation Fees from Other LEAs	37,250		37,250
Unrestricted Miscellaneous Revenues	40,201		40,201
Interest Earned on Capital Reserve funds	736		736
Total Local Sources	1,121,544		1,121,544
State Sources	1,029,498	18,830	1,048,328
Federal Sources		76,889	76,889
Total Revenues	2,151,042	95,719	2,246,761
EXPENDITURES			
Current:			
Regular Instruction	654,435	56,434	710,869
Special Education Instruction	52,738		52,738
Other Instruction	34,190		34,190
Support Services:			
Tuition	11,175		11,175
Student & Instruction Related Services	108,941	35,231	144,172
General Administration	129,061		129,061
School Administrative Services	21,095		21,095
Central Services	32,635		32,635
Plant Operations and Maintenance	197,825		197,825
Pupil Transportation	136,221		136,221
Employee Benefits	581,622	4,054	585,676
Capital Outlay	50,475		50,475
Total Expenditures	2,010,413	95,719	2,106,132
Excess (Deficiency) of Revenues Over Expenditures	140,629		140,629
OTHER FINANCING SOURCES (USES)			
Transfer to Food Service Fund	(7,265)		(7,265)
Total Other Financing Sources and Uses	(7,265)		(7,265)
Net Change in Fund Balances	133,364		133,364
Fund Balance—July 1	353,364		353,364
Fund Balance—June 30	\$ 486,728	\$ -	\$ 486,728

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

STOW CREEK TOWNSHIP BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	133,364
<p>Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
Depreciation expense	\$	(40,297)
Capital outlays		28,098
		(12,199)
<p>Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including Service and interest cost, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.</p>		
The issuance of long-term debt through bonds or leases provides current financial resources to the governmental funds, while the repayment of principal on long-term debt represents a use of resources in governmental funds. The payment of long-term debt principal is not a use of funds in the statement of activities.		21,638
Pension Expense recognized for GAAP but not for budgetary purposes.		(10,130)
<p>In the Statement of Activities, certain operating expenses are measured by the amounts earned during the year, such as compensated absences. In the governmental funds, however, expenditures are reported when the corresponding financial resources are used or paid.</p>		
		(11,248)
Change in Net Position of Governmental Activities (A-2)	\$	121,425

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

PROPRIETARY FUNDS

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Business-Type Activities Enterprise Fund		
	Food Service	After School Childcare	Total Enterprise
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 817	\$ 2,915	\$ 3,732
Accounts Receivable:			
State	24		24
Federal	896		896
Other Program Fees	2,124	1,248	3,372
Interfund Receivable	6,405		6,405
Inventory	2,141		2,141
Total Current Assets	12,407	4,163	16,570
Noncurrent Assets:			
Furniture, Machinery & Equipment	35,147		35,147
Less Accumulated Depreciation	(30,334)		(30,334)
Total Noncurrent Assets	4,813		4,813
Total Assets	\$ 17,220	\$ 4,163	\$ 21,383
LIABILITIES AND FUND EQUITY:			
Current Liabilities:			
Accounts Payable	\$ 9,764	\$ 158	\$ 9,922
Unearned Revenue	685		685
Total Current Liabilities	10,449	158	10,607
Net Position			
Invested in Capital Assets, Net of Related Debt	4,813		4,813
Unrestricted	1,958	4,005	5,963
Total Net Position	6,771	4,005	10,776
Total Liabilities & Net Position	\$ 17,220	\$ 4,163	\$ 21,383

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

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities Enterprise Fund		
	Food Service	After School Childcare	Total Enterprise
Operating Revenues:			
Charges for Services:			
Food Sales Reimbursable Programs	\$ 14,321	\$	\$ 14,321
Food Sales Non-Reimbursable Programs	31,724		31,724
After School Childcare Fees		16,299	16,299
Total Operating Revenue:	46,045	16,299	62,344
Operating Expenses:			
Salaries	26,235	12,198	38,433
Supplies and Materials	5,635		5,635
Cost of Sales	30,194		30,194
Management Fee	12,500		12,500
Miscellaneous	2,390	1,134	3,524
Depreciation	507		507
Total Operating Expenses	77,461	13,332	90,793
Operating Income (Loss)	(31,416)	2,967	(28,449)
Non-operating Revenues (Expenses):			
State Sources:			
State School Breakfast Program	420		420
Federal Sources:			
National School Lunch Program	13,630		13,630
School Breakfast Program	2,113		2,113
Food Distribution Program	4,709		4,709
Interest	27		27
Total Non-operating Revenues (Expenses)	20,899		20,899
Income (Loss) before Contributions & Transfers	(10,517)	2,967	(7,550)
Transfer from General Fund	7,265		7,265
Change in Net Position	(3,252)	2,967	(285)
Total Net Position - Beginning	10,023	1,038.00	11,061
Total Net Position - Ending	\$ 6,771	\$ 4,005	\$ 10,776

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

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities		
	Enterprise Funds		
	Food Service	After School Childcare	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 46,045	\$ 16,299	\$ 62,344
Payments to Employees	(26,235)	(12,198)	(38,433)
Payments to Suppliers	(42,694)		(42,694)
Payment to Others	(15,000)	(1,146)	(16,146)
Net Cash Provided by (used for) Operating Activities	<u>(37,884)</u>	<u>2,955</u>	<u>(34,929)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	420		420
Federal Sources	20,452		20,452
Interfund Transfer	7,265		7,265
Net Cash Provided by (used for) Non-capital Financing Activities	<u>28,137</u>		<u>28,137</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Purchase of Fixed Assets			
Net Cash Used by Capital Financing			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends	27		27
Net Cash Provided by (used for) Investing Activities	<u>27</u>		<u>27</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(9,720)	2,955	(6,765)
Balances—Beginning of Year	10,537	(40)	10,497
Balances—End of Year	<u>\$ 817</u>	<u>\$ 2,915</u>	<u>\$ 3,732</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided			
(Used) by Operating Activities:			
Operating Income (Loss)	\$ (31,416)	\$ 2,967	\$ (28,449)
Adjustments to Reconcile Operating Income (Loss) to Net Cash			
Provided by (used for) Operating Activities:			
Depreciation and Net Amortization	507		507
(Increase)Decrease in Accounts Receivable, Net	(1,672)		(1,672)
(Increase)Decrease in Interfund Receivable, Net	(6,378)		(6,378)
(Increase)Decrease in Other Program Fees Receivable	2,120	376	2,496
(Increase)Decrease in Inventories	1,059		1,059
Increase(Decrease) in Accounts Payable	(1,148)	(362)	(1,510)
Increase(Decrease) in Unearned Revenue	(956)	(26)	(982)
Total Adjustments	<u>(6,468)</u>	<u>(12)</u>	<u>(6,480)</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (37,884)</u>	<u>\$ 2,955</u>	<u>\$ (34,929)</u>

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

FIDUCIARY FUNDS

STOW CREEK TOWNSHIP BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	<u>Trust Funds</u>	<u>Agency Funds</u>	
	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>
ASSETS			
Cash and Cash Equivalents	\$ 24,596	\$ 25,122	\$ 29,809
Interfund Accounts Receivable			
General Fund		1,000	
Payroll Agency Account	1,271		
Total Assets	<u>\$ 25,867</u>	<u>\$ 26,122</u>	<u>\$ 29,809</u>
LIABILITIES			
Payable to Student Groups	\$	\$ 26,122	\$
Payroll Deductions and Withholdings			3,965
Interfund Accounts Payable:			
General Fund			24,573
Unemployment Trust Account			1,271
Total Liabilities	<u>\$</u>	<u>\$ 26,122</u>	<u>\$ 29,809</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 25,867</u>		

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

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

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Plan Member	\$ 4,671
Investments and Earnings:	
Interest	54
Total Additions	<u> 4,725</u>
DEDUCTIONS:	
Unemployment Claims	7,952
Total Deductions	<u> 7,952</u>
Change in Net Position	(3,227)
Net Position - July 1	<u> 29,094</u>
Net Position - June 30	<u>\$ 25,867</u>

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

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

A. Reporting Entity:

The Stow Creek Township School District is a Type II district located in the County of Salem, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of seven members elected to three-year terms. These terms are staggered so that two or three members' terms expire each year. The purpose of the district is to educate students in grades PreK-8. The Stow Creek Township School District had an approximate enrollment at June 30, 2016 of 112 students.

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

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

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

Based on the aforementioned criteria, as stipulated in GASB No. 114, the District has no component units.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation:

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

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

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

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses—expenses of the District related to the administration and support of the District's programs, such as personnel and accounting—are not allocated to programs.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

A. Basis of Presentation:

- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

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

B. Fund Accounting:

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

GOVERNMENTAL FUNDS

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

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

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

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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

B. Fund Accounting: (continued)

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

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

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

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

PROPRIETARY FUNDS

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

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

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

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

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.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

B. Fund Accounting: (continued)

Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

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

Food Service Fund - Equipment	10 to 20 Years
-------------------------------	----------------

FIDUCIARY FUNDS

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

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

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

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

C. Basis of Accounting and Measurement Focus:

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

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

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

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

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

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

D. Budgets/Budgetary Control:

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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

D. Budgets/Budgetary Control: (continued)

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

E. Encumbrance Accounting:

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

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

F. Tuition Receivable:

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

G. Tuition Payable:

Tuition charges for the fiscal years 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. Inventories and Prepaid Expenses:

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

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

I. Short-term Interfund Receivables/Payables:

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

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

J. Assets, Liabilities and Equity:

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

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

At June 30, 2016, there was an ending inventory of \$2,141 in the Food Service Fund, of which \$328 was federal commodities.

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements. The District receives federal commodity food for meal service provided through a vended meal contract.

Capital Assets - General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 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

K. Compensated Absences:

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

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

K. Compensated Absences: (continued)

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

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

L. Unearned Revenue:

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

M. Operating Revenues and Expenses:

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

N. Allocation of Indirect Expenses:

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

O. Extraordinary and Special Items:

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

P. Fund Equity:

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

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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

Q. Comparative Data/Reclassifications:

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

R. Management Estimates:

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

S. Accrued Liabilities and Long-term Obligations:

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

T. Net Position:

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

U. Fund Balance Reserves:

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

V. Revenues – Exchange and Non-exchange Transactions:

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

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

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

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

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

W. New Accounting Standards:

The School District has 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.
- 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.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

W. New Accounting Standards (continued):

The School District has adopted the following GASB statements:

- 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.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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

W. 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 is evaluating the potential impact of the adoption of GASB 81 on the School District's financial statements.
- 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.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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

X. Bond and Lease Acquisition Costs:

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

Deposits:

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

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

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

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

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

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

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

Investments:

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

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

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

	Cash and Cash Equivalents
Checking accounts	\$ 862,948
Total	\$ 862,948

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

Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2016, the School District's bank balance of \$704,660 was subject to custodial credit risk as follows:

Insured	\$ 251,849
Uninsured and collateralized with securities held by pledging financial institutions	<u>616,195</u>
	<u>\$ 868,044</u>

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Township of Stow Creek Board of Education by inclusion of \$35,947 on June 30, 1998 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6A:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance, July 1, 2015	\$ 73,608
Interest Earnings	736
Transfer from Capital Projects Fund	
Withdrawal in Budget	
Ending Balance, June 30, 2016	<u>\$ 74,344</u>

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2016 is \$201,939. There were no withdrawals from the capital reserve during fiscal year 2015-16.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account may be established by the District for the accumulation of funds for maintenance expenditures in subsequent fiscal years. This reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the maintenance reserve account are restricted to maintenance expenditures in the District's annual general fund budget certified for taxes. During the 2015-16 school year \$60,000 was transferred to the maintenance reserve account, resulting in a balance at June 30, 2016 of \$60,000, which is within the maximum allowed for the district of \$114,400.

**STOW CREEK TOWNSHIP 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>Adjustment/ Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets that are not Being Depreciated:				
Total Capital Assets not Being Depreciated				
Land Improvements	\$ 73,284	\$		\$ 73,284
Building and Building Improvements	347,025	28,098		375,123
Vehicles	383,643			383,643
Equipment	118,892			118,892
Totals at Historical Cost	922,844	28,098		950,942
Less Accumulated Depreciation for :				
Land Improvements	(62,892)	(1,163)		(64,055)
Building and Improvements	(189,830)	(6,804)		(196,634)
Vehicles	(152,586)	(22,376)		(174,962)
Equipment	(77,093)	(9,954)		(87,047)
Total Accumulated Depreciation	(482,401)	(40,297)		(522,698)
Total Capital Assets being Depreciated, Net of Accumulated Depreciation	440,443	(12,199)		428,244
Government Activities Capital Assets, Net	\$ 440,443	\$ (12,199)		\$ 428,244
	<u>To A-1</u>			<u>To A-1</u>
Business-type Activities - Equipment	\$ 35,147			\$ 35,147
Less Accumulated Depreciation	(29,827)	(507)		(30,334)
Business-type Activities Capital Assets, Net	\$ 5,320	\$ (507)		\$ 4,813

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

Depreciation Expense was Charged to Governmental Functions as Follows:

Instruction	\$ 7,025
Administration	20
Maintenance	1,695
Transportation	31,557
	<u>\$ 40,297</u>

**STOW CREEK TOWNSHIP 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 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>	<u>Long-term Portion</u>
Governmental Activities:						
Capital Lease	\$ 66,385	\$ -	\$ (21,638)	\$ 44,747	\$ 22,125	\$ 22,622
Compensated Absences Payable	48,439	11,248		59,687		59,687
Total Other Liabilities	<u>\$ 114,824</u>	<u>\$ 11,248</u>	<u>\$ (21,638)</u>	<u>\$ 104,434</u>	<u>\$ 22,125</u>	<u>\$ 82,309</u>

To A-1

Bonds Authorized and Issued -- As of June 30, 2016, the District had no bonds authorized but not issued.

Capital Leases – The District is leasing a School Bus under capital leases. The leases are for terms of two to five years with interest rates ranging from 4.28% to 5.50%. The following schedule details the future minimum lease payments and the net minimum lease payments at June 30, 2016.

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 22,125	\$ 1,006	\$ 23,131
2018	22,622	508	23,130
	<u>\$ 44,747</u>	<u>\$ 1,514</u>	<u>\$ 46,261</u>

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.

STOW CREEK TOWNSHIP 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 \$304,346 and revenue of \$304,346 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	\$ 2,899	\$ 13,356	\$ 16,255	\$ N/A	\$ 16,255

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.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8. PENSION PLANS (CONT'D)

Vesting and Benefit Provisions (Cont'd)

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.

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2015. 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 and 2014, 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.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8. PENSION PLANS (CONT'D)

Contributions (Continued)

Teachers' Pension and Annuity Fund - 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 Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/16	\$ 140,427	100	N/A
6/30/15	110,320	100	N/A
6/30/14	80,885	100	N/A

During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$64,101 to the TPAF for pension contributions and \$76,326 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 \$58,964 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 \$17,125 for the fiscal year ended June 30, 2016. Employee contributions were \$8,261 for the fiscal year ended June 30, 2016.

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.

**STOW CREEK TOWNSHIP 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 (Continued)

Public Employees' Retirement System - At June 30, 2016, the School District reported a liability of \$447,142 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 .0019919003%, which represents a .0001% decrease from the prior year.

For the fiscal year ended June 30, 2016, the School District recognized \$27,110 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	\$ 10,667	\$
Changes of assumptions	48,019	
Net difference between projected and actual earnings on pension plan investments		7,189
Changes in proportion and differences between District contributions and proportionate share of contributions	5,470	16,302
District contributions subsequent to the measurement date	17,125	
Total	\$ 81,281	\$ 23,491

\$17,125 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	\$ 7,181
2018	7,181
2019	7,181
2020	7,181
2021	7,181
Thereafter	4,761
Total	\$ 40,665

**STOW CREEK TOWNSHIP 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 (Continued)

Public Employees' Retirement System - 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	0.0019919003%	0.0020945296%

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
Interest Rate	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%

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.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8. PENSION PLANS (CONT'D)

Actuarial Assumptions (Continued)

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%	1.47%
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%	

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.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8. PENSION PLANS (CONT'D)

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	\$ 555,742	\$ 447,142	\$ 356,092

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

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

P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees.

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.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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 \$59,687 and none in the Food Service Fund.

NOTE 11. DEFERRED COMPENSATION

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

Lincoln Investments
GWN Marketing
LSW

NOTE 12. RISK MANAGEMENT

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

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

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior 2 years:

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12. RISK MANAGEMENT (CONT'D)

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$	\$ 4,725	\$ 7,952	\$ 25,867
2014-2015		7,517	5,395	29,094
2013-2014		7,990	10,749	26,972

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

The following Interfund Balances remained on the balance sheet at June 30, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 32,159	\$ 7,405
Special Revenue		7,586
Food Service Fund	6,405	
Student Activity Fund	1,000	
Payroll Fund		25,844
Unemployment Trust	1,271	
Total	\$ 40,835	\$ 40,835

NOTE 14. FUND BALANCE APPROPRIATED

General Fund - Of the \$486,728 General Fund balance at June 30, 2016, \$74,344 is restricted for Capital Reserve; \$164,657 has been restricted for excess surplus, of which \$42,047 has been assigned and appropriated as anticipated revenue in the year ending June 30, 2017; \$60,000 is restricted for Maintenance Reserve; \$16,539 is assigned for Encumbrances; \$1,566 has been assigned and appropriated as anticipated revenue for the year ending June 30, 2017; and \$169,622 is unreserved and undesignated.

Debt Service Fund - There was no undesignated Debt Service fund balance at June 30, 2016.

NOTE 15. LITIGATION

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

NOTE 16. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2005, c.73(S1701), the designation for Reserved Fund Balance -- Excess Surplus is a required calculation pursuant to the New Jersey School Funding Reform Act of 2008 (SFRA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$164,657, of which \$42,047 must be budgeted in the 2016-17 budget and \$122,610 must be budgeted in 2017-18.

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 17. DEFICIT FUND BALANCES

The District did not have any deficit fund balances in the General or Special Revenue Fund as of June 30, 2016 as reported in the fund statements (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the Special Revenue Fund does not alone indicate that the district is facing financial difficulties.

NOTE 18. RECEIVABLES

Receivables at June 30, 2016 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds.

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

Receivables:	General Fund	Special Revenue Fund	Proprietary Funds	Total
Intergovernmental	\$ 870	\$ 37,617	\$ 920	\$ 39,407
Other	912		3,372	4,284
Totals	<u>\$ 1,782</u>	<u>\$ 37,617</u>	<u>\$ 4,292</u>	<u>\$ 43,691</u>

NOTE 19. OPERATING LEASES

The District did not have any outstanding operating leases as of June 30, 2016.

NOTE 20. SUBSEQUENT EVENTS

There were no subsequent events affecting the District between June 30, 2016 and the Audit Report Date.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

STOW CREEK TOWNSHIP BOARD OF EDUCATION
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 Favorable (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,030,397		\$ 1,030,397	\$ 1,030,397	
Tuition from Individuals	3,200		3,200	12,960	9,760
Transportation Fees from Other LEAs	37,250		37,250	37,250	
Unrestricted Miscellaneous Revenues	23,000		23,000	40,201	17,201
Interest Earned on Cap Reserve Funds	736		736	736	
Total - Local Sources	1,094,583		1,094,583	1,121,544	26,961
State Sources:					
Categorical Special Education Aid	68,555		68,555	68,555	
Equalization Aid	566,187		566,187	566,187	
Categorical Security Aid	16,100		16,100	16,100	
Adjustment Aid	121,527		121,527	121,527	
Additional Adjustment Aid	5,359		5,359	5,359	
Categorical Transportation Aid	52,220		52,220	52,220	
PARCC Readiness Aid	1,150		1,150	1,150	
Per Pupil Growth Aid	1,150		1,150	1,150	
Additional Nonpublic School Transportation Aid				870	870
On-Behalf TPAF Pension Contrib (Non-budgeted)				64,101	64,101
On-behalf Post-Retirement Medical Contribution				76,326	76,326
Reimbursed TPAF Social Security Contributions (Non-budgeted)				58,964	58,964
Total - State Sources	832,248		832,248	1,032,509	200,261
TOTAL REVENUES	1,926,831		1,926,831	2,154,053	227,222
EXPENDITURES:					
Current Expense:					
Salaries of Teachers:					
Kindergarten	9,835	(2,000)	7,835	7,221	614
Grades 1-5	335,375	57,448	392,823	392,797	26
Grades 6-8	215,888	(55,800)	160,088	160,036	52
Regular Programs - Home Instruction:					
Salaries of Teachers	1,000	600	1,600	730	870
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	20,036	2,068	22,104	22,103	1
Other Purchased Services	47,900		47,900	43,454	4,446
General Supplies	49,500	(29,909)	19,591	13,951	5,640
Textbooks	10,000	6,000	16,000	14,143	1,857
Total Regular Programs - Instruction	\$ 689,534	\$ (21,593)	\$ 667,941	\$ 654,435	\$ 13,506

STOW CREEK TOWNSHIP BOARD OF EDUCATION
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 Favorable (Unfavorable)</u>
EXPENDITURES:					
Resource Room/Resource Center					
Salaries of Teachers	\$ 52,319	\$ 425	\$ 52,744	\$ 52,514	\$ 230
General Supplies	750	(400)	350	224	126
Textbooks	450		450		450
Total Resource Room/Resource Center	53,519	25	53,544	52,738	806
Total Special Education - Instruction	53,519	25	53,544	52,738	806
Basic Skills/Remedial - Instruction					
Salaries of Teachers	17,672	7,000	24,672	23,080	1,592
General Supplies	500	(125)	375		375
Textbooks	100		100		100
Total Basic Skills/Remedial - Instruction	18,272	6,875	25,147	23,080	2,067
School Sponsored Co-curricular Activities - Instruction					
Salaries of Teachers	3,000	1,575	4,575	3,735	840
Total School Sponsored Co-curr. Act. - Instr.	3,000	1,575	4,575	3,735	840
School Sponsored Athletics - Athletics					
Salaries of Teachers	3,000	3,200	6,200	5,514	686
Other Purchased Services	1,500	100	1,600	1,580	20
Supplies and Materials	500		500	281	219
Total School Sponsored Athletics - Instruction	5,000	3,300	8,300	7,375	925
Total Instruction	769,325	(9,818)	759,507	741,363	18,144
Undistributed Expenditures:					
Instruction					
Tuition - CSSD & Regular Day Schools	34,295	(2,000)	32,295	11,175	21,120
Total Instruction	34,295	(2,000)	32,295	11,175	21,120
Attendance and Social Work Services:					
Salaries	10,381	65	10,446	10,446	
Total Attendance and Social Work Services	10,381	65	10,446	10,446	
Health Services:					
Salaries	46,915		46,915	45,915	1,000
Purch Professional/Technical Services	1,600		1,000		1,000
Other Purchased Services	500		500	138	362
Supplies and Materials	1,800		2,400	2,004	396
Total Health Services	\$ 50,815	\$	\$ 50,815	\$ 48,057	\$ 2,758

STOW CREEK TOWNSHIP BOARD OF EDUCATION
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 Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Other Support Services-Students-Related Services:					
Purchased Professional/Educational Services	\$ 15,000	\$ (3,991)	\$ 11,009	\$ 2,304	\$ 8,705
Total Other Support Serv-Students-Related Services	15,000	(3,991)	11,009	2,304	8,705
Other Support Services-Students-Extra Services:					
Purchased Professional/Educational Services	9,000	(1,900)	7,100	400	6,700
Total Other Support Serv-Students-Extra Services	9,000	(1,900)	7,100	400	6,700
Other Support Services - Students-Regular:					
Salaries Other Prof Staff					
Total Other Support Services - Students - Regular					
Guidance					
Purchased Professional - Educational Services	10,072		10,072	4,928	5,144
Total Undistributed Services Guidance	10,072		10,072	4,928	5,144
Other Support Services-Students-Child Study Teams:					
Salaries of Secretarial and Clerical Assistants	5,190	33	5,223	5,223	
Purchased Professional/Educational Services	1,000	2,953	3,953	3,953	
Total Other Support Serv-Child Study Teams	6,190	2,986	9,176	9,176	
Improvement of Instruction Services:					
Purchased Prof - Ed Services	32,163		32,163	32,163	
Other Purch Prof. and Tech Services.	1,500		1,500	660	840
Total Improvement of Instruction Services	33,663		33,663	32,823	840
Educational Media Services/School Library:					
Other Purchased Services	800		800	587	213
Supplies and Materials	1,000		1,000		1,000
Total Educational Media Services/School Library	1,800		1,800	587	1,213
Instructional Staff Training Services:					
Purchased Professional/Educational Services	1,000		1,000	220	780
Other Purchased Services	500		500		500
Total Instructional Staff Training Services	\$ 1,500	\$	\$ 1,500	\$ 220	\$ 1,280

STOW CREEK TOWNSHIP BOARD OF EDUCATION
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 Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Support Services - General Administration:					
Salaries	\$ 96,250		\$ 96,250	\$ 96,250	
Legal Fees	1,000	615	1,615	1,612	3
Audit Fees	12,000	830	12,830	12,830	
Communications/Telephone	3,500	4,027	7,527	7,376	151
BOE Other Purchased Services	1,500	(1,500)			
Other Purchased Services	6,250	3,302	9,552	9,167	385
General Supplies	1,000	(955)	45	20	25
BOE Membership Dues and Fees	2,976	(1,160)	1,816	1,806	10
Total Support Services - General Administration	124,476	5,159	129,635	129,061	574
Support Services - School Administration:					
Salaries of Secretarial/Clerical Assistants	19,031	475	19,506	19,151	355
Other Purchased Services	500	500	1,000	675	325
Supplies and Materials	4,600	(3,294)	1,306	1,269	37
Total Support Services - School Administration	24,131	(2,319)	21,812	21,095	717
Central Services:					
Purchased Professional Services	28,600		28,600	28,600	
Purchased Technical Services	3,500		3,500	3,500	
Supplies and Maintenance	600		600	535	65
Total Central Services	32,700		32,700	32,635	65
Operation and Maintenance of Plant Services:					
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	54,350	(7,000)	47,350	30,206	17,144
Total Required Maintenance for School Facilities	54,350	(7,000)	47,350	30,206	17,144
Other Operation and Maintenance of Plant Services:					
Salaries	62,279	78	62,357	62,356	1
Purchased Professional/Technical Services	14,600	20,105	34,705	34,108	597
Cleaning, Repair and Maintenance Services	14,876	12,889	27,765	26,565	1,200
Other Purchased Property Services	5,000		5,000	3,401	1,599
Insurance	14,000	(3,389)	10,611	9,627	984
Miscellaneous Purchased Services	1,000	270	1,270	125	1,145
General Supplies	4,500		4,500	3,119	1,381
Energy (Electricity)	20,000		20,000	18,475	1,525
Energy (Oil)	25,000	(2,000)	23,000	9,843	13,157
Total Other Operation and Maint. of Plant Services	161,255	27,953	189,208	167,619	21,589
Total Operation and Maintenance of Plant Services	\$ 215,605	\$ 20,953	\$ 236,558	\$ 197,825	\$ 38,733

STOW CREEK TOWNSHIP BOARD OF EDUCATION
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 Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Student Transportation Services:	\$	\$	\$	\$	\$
Sal. For Pupil Trans (Btw Home & School) - Reg	50,479	8,400	58,879	58,792	87
Sal. Pupil Transport. (Btw Home & School) Spec. Ed	10,875	3,155	14,030	10,762	3,268
Sal. Pupil Transport. (Other than Btw Home & Schoo	8,000	(1,793)	6,207	4,520	1,687
Management Fee - ESC & CTSA Trans. Program	1,800	(1,800)			
Other Purchased Professional/Technical Services	3,900		3,900	3,900	
Cleaning, Repair and Maintenance Services	12,000	8,361	20,361	19,753	608
Contracted Services (Btw Home & Sch) -Vendors		515	515	513	2
Contracted Services - Aid in Lieu of Payments	7,956	(832)	7,124	5,746	1,378
Miscellaneous Purchased Services - Transportation	12,800	(1,900)	10,900	9,562	1,338
General Supplies	37,000	(5,483)	31,517	22,673	8,844
Total Student Transportation Services	144,810	8,623	153,433	136,221	17,212
Regular Programs - Instruction - Employee Benefits					
Social Security Contributions	3,345	18,940	22,285	17,920	4,365
Other Retirement Contributions - PERS	17,911	1,300	19,211	19,093	118
Workmen's Compensation	6,165	10,587	16,752	16,132	620
Health Benefits	209,595	123,241	332,836	325,135	7,701
Other Employee Benefits	5,000		5,000	3,951	1,049
Total Unallocated Benefits	242,016	154,068	396,084	382,231	13,853
Special Programs - Instruction - Employee Benefits					
Workman's Compensation	665	(665)			
Health Benefits	35,221	(35,221)			
Total Special Programs - Instruction	35,886	(35,886)			
Attendance and Social Work Services - Employee Benefits					
Social Security Contributions	794	(794)			
Workman's Compensation	99	(99)			
Health Benefits	3,922	(3,922)			
Total Attendance and Social Work Services	4,815	(4,815)			
Health Services - Employee Benefits					
Workman's Compensation	493	(493)			
Health Benefits	32,902	(32,902)			
Total Health Services	\$ 33,395	\$ (33,395)	\$	\$	

STOW CREEK TOWNSHIP BOARD OF EDUCATION
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 Favorable (Unfavorable)</u>
EXPENDITURES: (Continued)					
Undistributed Expenditures: (Continued)					
Other Supp Serv-Child Study Teams-Employee Benefits					
Social Security Contributions	\$ 397	\$ (397)		\$	\$
Workman's Compensation	49	(49)			
Health Benefits	1,961	(1,961)			
Total Other Supp Serv - Child Study Team	2,407	(2,407)			
Support Serv - Gen Administration - Employee Benefits					
Social Security Contributions	383	(383)			
Workman's Compensation	1,330	(1,330)			
Health Benefits	18,844	(18,844)			
Total Support Services - General Administration	20,557	(20,557)			
Support Serv - School Administration - Employee Benefits					
Social Security Contributions	1,456	(1,456)			
Workman's Compensation	181	(181)			
Health Benefits	7,190	(7,190)			
Total Support Services - School Administration	8,827	(8,827)			
Operation and Maintenance of Plant Serv - Employee Benefits					
Social Security Contributions	4,321	(4,321)			
Workman's Compensation	3,293	(3,293)			
Health Benefits	32,902	(32,902)			
Total Operation and Maintenance of Plant Serv	40,516	(40,516)			
Student Transportation Services - Employee Benefits					
Social Security Contributions	4,694	(4,694)			
Workman's Compensation	3,577	(3,577)			
Total Transportation Services	8,271	(8,271)			
Total Allocated Benefits	396,690	(606)	396,084	382,231	13,853
On-Behalf TPAF Post Retirem. Medical Contrib.(Non-budgeted)				76,326	(76,326)
On-Behalf TPAF Pension Contrib (Non-budgeted)				64,101	(64,101)
Reimbursed TPAF Soc. Sec. Contrib. (Non-budgeted)				58,964	(58,964)
Total Undistributed Expenditures	1,111,128	26,970	1,138,098	1,218,575	(80,477)
TOTAL EXPENDITURES - CURRENT EXPENSE	\$ 1,880,453	\$ 17,152	\$ 1,897,605	\$ 1,959,938	\$ (62,333)

STOW CREEK TOWNSHIP BOARD OF EDUCATION
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 Favorable (Unfavorable)</u>
CAPITAL OUTLAY:					
Undistributed Expenditures:					
Equipment					
School Buses - Regular - Lease Principal	\$ 23,131	\$	\$ 23,131	\$ 21,638	\$ 1,493
Total Undistributed Expenditures	23,131		23,131	21,638	1,493
Facilities Acquisition and Construction Services:					
Architectural / Engineering Services	10,000		10,000	3,198	6,802
Construction Services	50,000		50,000	24,900	25,100
Assessment for Debt Service on SDA Funding	739		739	739	
Total Facilities Acquisition and Construction Services	60,739		60,739	28,837	31,902
Total Assets Acquired Under Capital Leases (non-budgeted)					
Interest Deposit to Capital Res	736		736		736
TOTAL CAPITAL OUTLAY	84,606		84,606	50,475	34,131
TOTAL EXPENDITURES	1,965,059	17,152	1,982,211	2,010,413	(28,202)
Excess (Deficiency) of Revenues and Other Over (Under) Expenditures	(38,228)	(17,152)	(55,380)	143,640	199,020
Other Financing Sources (Uses):					
Transfer to Food Service	(9,000)		(9,000)	(7,265)	1,735
Total Other Financing Sources	(9,000)		(9,000)	(7,265)	1,735
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(47,228)	(17,152)	(64,380)	136,375	200,755
Fund Balances, July 1	431,601		431,601	431,601	
Fund Balances, June 30	\$ 384,373	\$ (17,152)	\$ 367,221	\$ 567,976	\$ 200,755
RECAPITULATION :					
Restricted Fund Balance:					
Capital Reserve				\$ 74,344	
Maintenance Reserve				60,000	
Excess Surplus				122,610	
Assigned Fund Balance:					
Year - End Encumbrances				16,539	
Excess Surplus - Designated for Subsequent Year's Expenditures				42,047	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				1,566	
Unassigned Fund Balance					
				250,870	
				567,976	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis					
				(81,248)	
Fund Balance per Governmental Funds (GAAP)					
				\$ 486,728	

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE 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 Favorable (Unfavorable)</u>
REVENUES:					
Federal Sources	\$ 79,354	\$ 16,767	\$ 96,121	\$ 76,889	\$ (19,232)
State Sources	32,879	(10,095)	22,784	19,959	(2,825)
Total Revenues	<u>112,233</u>	<u>6,672</u>	<u>118,905</u>	<u>96,848</u>	<u>(22,057)</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	16,256		16,256	16,256	
Other Salaries		2,133	2,133		2,133
Purchased Professional and Technical Services	22,446		22,446	18,570	3,876
General Supplies	10,118		10,118	4,282	5,836
Textbooks	6,338		6,338	6,309	29
Other Purchased Services	12,146		12,146	12,146	
Total Instruction	<u>67,304</u>	<u>2,133</u>	<u>69,437</u>	<u>57,563</u>	<u>11,874</u>
Support Services					
Salaries of Teachers					
Employee Benefits	5,326	163	5,489	4,054	1,435
Purchased Professional Educational Services	39,603	4,376	43,979	35,231	8,748
Total Support Services	<u>44,929</u>	<u>4,539</u>	<u>49,468</u>	<u>39,285</u>	<u>10,183</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment					
Total Facilities Acquisition and Constr. Serv.					
Total Expenditures	<u>112,233</u>	<u>6,672</u>	<u>118,905</u>	<u>96,848</u>	<u>22,057</u>
Other Financing Sources (Uses)					
Total Outflows	<u>112,233</u>	<u>6,672</u>	<u>118,905</u>	<u>96,848</u>	<u>22,057</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

STOW CREEK TOWNSHIP SCHOOL DISTRICT
BUDGET-TO-GAAP RECONCILIATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**Explanation of Differences between Budgetary Inflows and Outflows and
 GAAP Revenues and Expenditures**

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 2,154,053	[C-2] \$ 96,848
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(1,129)
State aid payment recognized for Gaap statements in the current year, previously recognized for budgetary purposes.	78,237	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements	(81,248)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 2,151,042	[B-2] \$ 95,719
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 2,010,413	[C-2] \$ 96,848
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.		(1,129)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$ 2,010,413	[B-2] \$ 95,719

REQUIRED SUPPLEMENTARY INFORMATION – PART III

SCHEDULE L-1

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

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.001992%	0.002094%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 447,142	\$ 392,153
District's Covered-Employee Payroll	\$ 117,014	\$ 120,042
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	382.13%	326.68%
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

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

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 17,125	\$ 17,267
Contributions in Relation to the Contractually Required Contribution	<u>(17,125)</u>	<u>(17,267)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
 District's Covered-Employee Payroll	 \$ 117,014	 \$ 120,042
Contributions as a Percentage of Covered-Employee Payroll	14.64%	14.38%

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

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.007886%	0.007244%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 4,984,452	\$ 3,871,470
District's Covered-Employee Payroll	\$ 837,974	\$ 838,960
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its covered-employee Payroll	594.82%	461.46%
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.

STOW CREEK TOWNSHIP 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

STOW CREEK 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.

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

	<u>NCLB Title I 2015-16</u>	<u>Sub-Total Per E-1(2)</u>	<u>Sub-Total Per E-1(3)</u>	<u>Totals</u>	
	<u>2016</u>			<u>2016</u>	<u>2015</u>
REVENUES:					
Federal Sources	\$ 20,310	\$ 56,579	\$	\$ 76,889	\$ 125,653
State Sources		795	19,164	19,959	21,647
Total Revenues	20,310	57,374	19,164	96,848	147,300
EXPENDITURES:					
Instruction:					
Salaries of Teachers	16,256			16,256	17,649
Other Salaries					1,500
Purchased Professional and Technical Services		5,715	12,855	18,570	15,849
General Supplies		4,282		4,282	44,867
Textbooks			6,309	6,309	1,826
Other Purchased Serv.		12,146		12,146	24,343
Total Instruction	16,256	22,143	19,164	57,563	106,034
Support Services:					
Employee Benefits	4,054			4,054	3,954
Purchased Professional Educational Services		35,231		35,231	34,540
Total Support Services	4,054	35,231		39,285	38,494
Facilities Acquisition/Construction:					
Instructional Equipment					2,772
Total Facilities Acquisition/Construction					2,772
Total Expenditures	\$ 20,310	\$ 57,374	\$ 19,164	\$ 96,848	\$ 147,300

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

	IDEA				Totals 2016
	Basic Flow- Through	Preschool Program	REAP	Character Education	
REVENUES:					
Federal Sources	\$ 46,559	\$ 818	\$ 9,202	\$	\$ 56,579
State Sources				795	795
Total Revenues	46,559	818	9,202	795	57,374
EXPENDITURES:					
Instruction:					
Purchased Professional and Technical Services			4,920	795	5,715
General Supplies			4,282		4,282
Other Purchased Serv.	12,146				12,146
Total Instruction	12,146		9,202	795	22,143
Support Services:					
Employee Benefits					
Purchased Professional Educational Services	34,413	818			35,231
Total Support Services	34,413	818			35,231
Facilities Acquisition/Construction:					
Instructional Equipment					
Total Facilities Acquisition/Construction					
Total Expenditures	\$ 46,559	\$ 818	\$ 9,202	\$ 795	\$ 57,374

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
SPECIAL REVENUE FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

	<u>N.J.</u> <u>Nonpublic</u> <u>Nursing</u>	<u>N.J.</u> <u>Nonpublic</u> <u>Textbook</u> <u>Aid</u>	<u>N.J.</u> <u>Nonpublic</u> <u>Technology</u> <u>Aid</u>	<u>Totals</u> <u>2016</u>
REVENUES:				
Federal Sources	\$	\$	\$	\$
State Sources	9,990	6,309	2,865	19,164
Total Revenues	9,990	6,309	2,865	19,164
EXPENDITURES:				
Instruction:				
Purchased Professional and Technical Services	9,990		2,865	12,855
Textbooks		6,309		6,309
Total Instruction	9,990	6,309	2,865	19,164
Support Services:				
Employee Benefits				
Purchased Educational Services				
Total Support Services				
Facilities Acquisition/Construction:				
Instructional Equipment				
Total Facilities Acquisition/Construction				
Total Expenditures	\$ 9,990	\$ 6,309	\$ 2,865	\$ 19,164

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.

PROPRIETARY FUND DETAIL STATEMENTS

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

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

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

STOW CREEK TOWNSHIP SCHOOL DISTRICT
FOOD SERVICES ENTERPRISE FUND
COMBINED SCHEDULE OF NET POSITION
AS OF JUNE 30, 2016 AND 2015

	<u>Food Service Fund</u>	<u>After School Childcare</u>	<u>Total</u>	
			<u>2016</u>	<u>2015</u>
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 817	\$ 2,915	\$ 3,732	\$ 10,497
Accounts Receivable:				
State	24		24	46
Federal	896		896	1,326
Interfund Receivable	6,405		6,405	27
Other	2,124	1,248	3,372	3,744
Inventories	2,141		2,141	3,200
Total Current Assets	<u>12,407</u>	<u>4,163</u>	<u>16,570</u>	<u>18,840</u>
Fixed Assets:				
Equipment	35,147		35,147	35,147
Accumulated Depreciation	(30,334)		(30,334)	(29,827)
Total Fixed Assets	<u>4,813</u>		<u>4,813</u>	<u>5,320</u>
Total Assets	<u>17,220</u>	<u>4,163</u>	<u>21,383</u>	<u>24,160</u>
LIABILITIES:				
Current Liabilities:				
Accounts Payable	9,764	158	9,922	11,432
Unearned Revenue	685		685	1,667
Total Current Liabilities	<u>10,449</u>	<u>158</u>	<u>10,607</u>	<u>13,099</u>
Total Liabilities	<u>10,449</u>	<u>158</u>	<u>10,607</u>	<u>13,099</u>
NET POSITION:				
Investment in Fixed Assets	4,813		4,813	5,320
Unrestricted	1,958	4,005	5,963	5,741
Total Net Position	<u>\$ 6,771</u>	<u>\$ 4,005</u>	<u>\$ 10,776</u>	<u>\$ 11,061</u>

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

	Food Service Fund	After School Childcare	Total	
			2016	2015
OPERATING REVENUES:				
Local Sources:				
Food Sales Reimbursable Programs	\$ 14,321	\$	\$ 14,321	\$ 13,190
Food Sales Non-Reimbursable Programs	31,724		31,724	29,851
After School Childcare Fees		16,299	16,299	11,751
Donation from PTO				700
Total Operating Revenue	46,045	16,299	62,344	55,492
OPERATING EXPENSES:				
Salaries	26,235	12,198	38,433	36,274
Supplies and Materials	5,635		5,635	9,347
Cost of Sales	30,194		30,194	29,721
Management Fee	12,500		12,500	12,500
Miscellaneous	2,390	1,134	3,524	3,237
Depreciation	507		507	507
Total Operating Expenses	77,461	13,332	90,793	91,586
Operating Income/(Loss)	(31,416)	2,967	(28,449)	(36,094)
NON-OPERATING REVENUES:				
State Sources:				
State School Lunch Program	420		420	446
Federal Sources:				
National School Lunch Program	13,630		13,630	14,473
School Breakfast Program	2,113		2,113	3,090
Food Distribution Program	4,709		4,709	7,268
Interest	27		27	59
Total Non-Operating Revenues	20,899		20,899	25,336
Change in Net Assets Before Operating Transfers				
In/(out)	(10,517)	2,967	(7,550)	(10,758)
Operating Transfer In - General Fund	7,265		7,265	1,000
Net (Loss)/Income	(3,252)	2,967	(285)	(9,758)
Net Position - July 1	10,023	1,038	11,061	20,819
Net Position - June 30	\$ 6,771	\$ 4,005	\$ 10,776	\$ 11,061

STOW CREEK TOWNSHIP SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2016

	Food Service Fund	After School Childcare	Total	
			2016	2015
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 46,045	\$ 16,299	\$ 62,344	\$ 55,492
Payments to Employees	(26,235)	(12,198)	(38,433)	(36,274)
Payments to Suppliers	(42,694)		(42,694)	(42,221)
Payments to Others	(15,000)	(1,146)	(16,146)	(1,439)
Net Cash Provided by (Used for) Operating Activities	(37,884)	2,955	(34,929)	(24,442)
Cash Flows from Non-capital Financing Activities				
State Sources	420		420	446
Federal Sources	20,452		20,452	24,831
Interfund Transfer	7,265		7,265	1,000
Net Cash Provided by (Used for) Non-capital Financing Activities	28,137		28,137	26,277
Cash Flows from Capital Financing Activities				
Purchase of Fixed Assets				
Net Cash Provided by (Used for) Capital Financing				
Cash Flows from Investing Activities				
Interest and Dividends	27		27	59
Net Cash Provided by (Used for) Investing Activities	27		27	59
Net Increase/(Decrease) in Cash and Cash Equivalents	(9,720)	2,955	(6,765)	1,894
Balances - Beginning of Year	10,537	(40)	10,497	8,603
Balances - End of Year	\$ 817	\$ 2,915	\$ 3,732	\$ 10,497
Operating Income/(Loss)	\$ (31,416)	\$ 2,967	\$ (28,449)	\$ (36,094)
Adjustments to Reconcile Operating Income/(Loss)				
to Cash Used by Operating Activities:				
Depreciation	507		507	507
Change in Assets and Liabilities:				
Decrease/(Increase) in Accounts Receivable	(1,672)		(1,672)	1,694
Decrease/(Increase) in Interfund Receivable	(6,378)		(6,378)	3,908
Decrease/(Increase) in Other Program Fees Receivable	2,120	376	2,496	(1,840)
Decrease/(Increase) in Inventory	1,059		1,059	(1,547)
Increase/(Decrease) in Accounts Payable	(1,148)	(362)	(1,510)	7,886
Increase/(Decrease) in Unearned Revenue	(956)	(26)	(982)	1,044
Total Adjustments	(6,468)	(12)	(6,480)	11,652
Net Cash Used by Operating Activities	\$ (37,884)	\$ 2,955	\$ (34,929)	\$ (24,442)

FIDUCIARY FUNDS DETAIL STATEMENTS

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

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

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

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

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

	<u>Trust Funds</u>	<u>Agency Funds</u>		<u>Total</u>	
	<u>Unemployment Compensation Trust</u>	<u>Student Activity</u>	<u>Payroll</u>	<u>2016</u>	<u>2015</u>
ASSETS:					
Cash and Cash Equivalents	\$ 24,596	\$ 25,122	\$ 29,809	\$ 79,527	\$ 76,165
Due from General Fund		1,000		1,000	1,000
Due from Payroll Agency Account	1,271			1,271	4,552
Accounts Receivable					638
Total Assets	\$ 25,867	\$ 26,122	\$ 29,809	\$ 81,798	\$ 82,355
LIABILITIES AND NET POSITION:					
Liabilities:					
Due to Student Groups	\$	\$ 26,122	\$	\$ 26,122	\$ 27,401
Payroll Deductions and Withholdings			3,965	3,965	2,448
Interfunds Accounts Payable					
Unemployment Trust			1,271	1,271	4,552
General Fund			24,573	24,573	18,860
Total Liabilities		\$ 26,122	\$ 29,809	55,931	53,261
NET POSITION:					
Held in Trust for Unemployment Claims and Other Purposes	\$ 25,867			\$ 25,867	\$ 29,094

STOW CREEK TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions:	
Plan Members	\$ 4,671
Total Contributions	4,671
Investments and Earnings:	
Interest	54
Total Additions	4,725
DEDUCTIONS:	
Unemployment Claims	7,952
Total Deductions	7,952
Change in Net Position	(3,227)
Net Position - July 1	29,094
Net Position - June 30	\$ 25,867

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

STOW CREEK TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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	\$ 27,401	\$ 23,276	\$ 24,555	\$	\$ 26,122
Principal's Fund					\$ 2,425
Music Fund					3,945
Class of 2018					1,686
Class of 2017					1,013
Class of 2016					2,991
Sport					29
Safety Patrol					326
Yearbook					10,154
Student Council					3,553
Total					\$ 26,122

STOW CREEK 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	\$ 25,860	\$ 874,928	\$ 870,979	\$ 29,809
	<u>\$ 25,860</u>	<u>\$ 874,928</u>	<u>\$ 870,979</u>	<u>\$ 29,809</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 2,448	\$ 869,215	\$ 867,698	\$ 3,965
Interfund Payable				
Due to Unemployment Trust	4,552		3,281	1,271
Due General Fund	18,860	5,713		24,573
	<u>\$ 25,860</u>	<u>\$ 874,928</u>	<u>\$ 870,979</u>	<u>\$ 29,809</u>
Total Liabilities	<u>\$ 25,860</u>	<u>\$ 874,928</u>	<u>\$ 870,979</u>	<u>\$ 29,809</u>

LONG-TERM DEBT SCHEDULES

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

STOW CREEK TOWNSHIP SCHOOL DISTRICT
LONG TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance June 30, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2016</u>
2013-14 School Bus	\$		\$ 66,385	\$	\$ 21,638	\$ 44,747
			<u>\$ 66,385</u>	<u>\$</u>	<u>\$ 21,638</u>	<u>\$ 44,747</u>

STATISTICAL SECTION

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 85,166	\$ 144,484	\$ 150,824	\$ 302,540	\$ 336,802	\$ 185,061	\$ 258,635	\$ 232,210	\$ 374,058	\$ 383,497
Restricted	121,810	80,709	191,860	60,638	169,241	112,204	130,784	191,828	180,035	317,106
Unrestricted	125,110	209,719	113,740	130,399	29,293	116,671	171,636	131,736	(254,332)	(279,417)
Total Governmental Activities Net Position	\$ 332,086	\$ 434,912	\$ 456,424	\$ 493,577	\$ 535,336	\$ 413,936	\$ 561,055	\$ 555,774	\$ 299,761	\$ 421,186
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 2,194	\$ 1,380	\$ 6,877	\$ 11,791	\$ 10,555	\$ 10,570	\$ 6,292	\$ 5,827	\$ 5,320	\$ 4,813
Unrestricted	24,267	14,358	17,558	23,407	43,594	34,624	26,951	14,992	5,741	5,963
Total Business-Type Activities Net Position	\$ 26,461	\$ 15,738	\$ 24,435	\$ 35,198	\$ 54,149	\$ 45,194	\$ 33,243	\$ 20,819	\$ 11,061	\$ 10,776
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 87,360	\$ 145,864	\$ 157,701	\$ 314,331	\$ 347,357	\$ 195,631	\$ 264,927	\$ 238,037	\$ 379,378	\$ 388,310
Restricted	121,810	80,709	191,860	60,638	169,241	112,204	130,784	191,828	180,035	317,106
Unrestricted	149,377	224,077	131,298	153,806	72,887	151,295	198,587	146,728	(248,591)	(273,454)
Total District-Wide Net Position	\$ 358,547	\$ 450,650	\$ 480,859	\$ 528,775	\$ 589,485	\$ 459,130	\$ 594,298	\$ 576,593	\$ 310,822	\$ 431,962

Source: CAFR Schedule A-1

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

	Fiscal Year Ending,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 614,645	693,576	700,303	685,746	544,178	650,999	690,312	675,387	760,729	717,894
Special Education	106,534	93,821	98,432	46,173	45,708	46,051	48,241	49,904	51,425	52,738
Other		40,410	52,256	33,314	106,330	68,979	24,156	21,561	23,154	34,190
Support Services										
Tuition	141,014	50,199	52,635	155,839	119,491	86,775	105,008	135,939	34,831	11,175
Student and Instruction Related Services	136,256	126,371	123,791	155,446	145,602	138,026	143,281	151,793	153,350	144,172
General Administrative Services	115,867	119,487	119,369	103,971	120,182	121,536	127,700	127,614	129,742	129,081
School Administrative Services	15,889	26,261	24,091	22,458	24,544	21,520	24,683	21,196	21,145	21,095
Central Services	35,681	37,382	35,603	32,838	28,267	26,671	30,388	31,864	32,700	32,635
Plant Operations and Maintenance	139,736	146,439	196,026	173,289	172,945	160,286	162,888	224,106	191,315	199,520
Pupil Transportation	110,248	114,194	106,019	112,227	144,566	167,708	175,279	182,231	171,145	167,778
Other Support Services	481,753	499,114	401,786	439,145	377,227	468,029	484,309	473,902	676,487	847,299
Unallocated depreciation	10,019	17,723	32,939	38,567	46,037	5,016				
Interest on Debt									739	739
Total Governmental Activities Expenses	1,907,642	1,964,977	1,943,250	1,999,013	1,875,077	1,961,596	2,016,245	2,095,497	2,246,762	2,358,316
Business-Type Activities										
Food Service	80,596	74,689	94,910	92,516	79,837	84,521	72,652	73,563	80,173	77,461
Child Care	12,083	13,574	13,798	16,831	14,678	15,540	16,226	16,297	11,413	13,332
Total Business-Type Activities Expense	92,679	88,263	108,708	109,347	94,515	100,061	88,878	89,860	91,586	90,793
Total District Expenses	2,000,321	2,053,240	2,051,958	2,108,360	1,969,592	2,061,657	2,105,123	2,185,357	2,338,348	2,449,109
Program Revenues										
Governmental Activities										
Operating Grants and Contributions	327,316	377,118	240,618	214,446	200,495	273,172	259,302	235,658	451,899	400,065
Total Governmental Activities Program Revenues	327,316	377,118	240,618	214,446	200,495	273,172	259,302	235,658	451,899	400,065
Business-Type Activities										
Charges for Services										
Food Service	44,613	30,145	45,470	50,432	51,500	47,285	40,949	44,216	43,041	46,045
Child Care	15,110	13,732	10,213	17,236	15,367	14,038	8,848	10,138	12,451	16,299
Operating Grants and Contributions	21,885	22,663	28,655	29,187	29,961	21,520	21,485	19,946	25,277	20,872
Total Business-Type Activities Program Revenues	81,608	66,540	84,338	96,855	96,828	82,843	71,282	74,300	80,769	83,216
Total District Program Revenues	408,924	443,658	324,956	311,301	297,323	356,015	330,584	309,958	532,668	483,281
Net (Expense)/Revenue										
Governmental Activities	(1,580,326)	(1,587,859)	(1,702,632)	(1,784,567)	(1,674,582)	(1,688,424)	(1,756,943)	(1,859,839)	(1,794,863)	(1,958,251)
Business-Type Activities	(11,071)	(21,723)	(24,370)	(12,492)	2,313	(17,218)	(17,596)	(15,560)	(10,817)	(7,577)
Total District-Wide Net Expense	(1,591,397)	(1,609,582)	(1,727,002)	(1,797,059)	(1,672,269)	(1,705,642)	(1,774,539)	(1,875,399)	(1,805,680)	(1,965,828)
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Property Taxes Levied for General Purposes, Net	772,579	803,479	835,492	858,692	880,526	880,526	892,135	956,810	1,019,220	1,030,397
Unrestricted Grants and Contributions	815,246	849,369	848,581	973,255	798,174	863,689	825,109	830,696	831,394	965,397
Restricted Grants, Tuition and Contributions										
Tuition Received	15,200	12,440	11,440	4,465	7,545	2,880	1,600	3,200	6,240	12,960
Transportation Fees Received	1,890	4,500	882	6,408	31,500	32,130	33,750	34,425	35,800	37,250
Investment Earnings	15,811	9,206	1,258							
Miscellaneous Income	4,689	27,499	19,460	2,155	3,649	10,151	36,053	32,485	24,098	40,937
Donated Capital Assets	14,355									
Prior Year Adjustment		(4,808)	33,621			(215,693)				
Transfers	(15,000)	(11,000)	(26,590)	(23,255)	(5,053)	(6,659)	(9,000)	(3,058)	(1,000)	(7,265)
Total Governmental Activities	1,624,750	1,690,685	1,724,144	1,821,720	1,716,341	1,567,024	1,779,647	1,854,558	1,915,752	2,079,676
Business-Type Activities										
Investment and Miscellaneous Earnings	581		6,477		11,585	1,604	172	78	59	27
Fixed Asset Adjustment							(3,527)			
Transfers	15,000	11,000	26,590	23,255	5,053	6,659	9,000	3,058	1,000	7,265
Total Business-Type Activities	15,581	11,000	33,067	23,255	16,638	8,263	5,645	3,136	1,059	7,292
Total District-Wide	1,640,331	1,701,685	1,757,211	1,844,975	1,732,979	1,575,287	1,785,292	1,857,694	1,916,811	2,086,968
Change in Net Position										
Governmental Activities	44,424	102,826	21,512	37,153	41,759	(121,400)	22,704	(5,281)	120,889	121,425
Business-Type Activities	4,510	(10,723)	8,697	10,763	18,951	(8,955)	(11,951)	(12,424)	(9,758)	(285)
Total District-Wide	\$ 48,934	92,103	30,209	47,916	60,710	(130,355)	10,753	(17,705)	111,131	121,140

Source: CAFR Schedule A-2

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

	Fiscal Year Ending,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Restricted	\$ 117,207	\$ 99,018	\$ 99,904	\$ 12,216	\$ 112,084	\$ 62,732	\$ 114,318	\$	\$	
Capital Reserve Account								73,608	119,991	116,391
Excess Surplus								46,383	42,047	122,610
Maintenance Reserve										60,000
Assigned:										
Year-end Encumbrances								10,837	17,152	16,539
Subsequent Year's Expenditures								61,000	845	1,566
Unassigned	135,610	225,518	229,480	144,704	54,516	139,261	162,140	177,800	173,329	169,622
Total General Fund	\$ 252,817	\$ 324,536	\$ 329,384	\$ 156,920	\$ 166,600	\$ 201,993	\$ 276,458	\$ 369,628	\$ 353,364	\$ 486,728
All Other Governmental Funds										
Restricted	\$ 4,808	\$	\$	\$ 63,771	\$ 63,771	\$ 63,771	\$ 63,771	\$	\$	
Unrestricted, Reported in:										
Special Revenue Fund	(205)	(980)								
Total All Other Governmental Funds	\$ 4,603	\$ (980)	\$	\$ 63,771	\$ 63,771	\$ 63,771	\$ 63,771	\$	\$	\$

Source: CAFR Schedule B-1

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

	Fiscal Year Ending,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	\$ 772,579	\$ 803,479	\$ 835,492	\$ 858,692	\$ 880,526	\$ 880,526	\$ 892,135	\$ 956,810	\$ 1,019,220	\$ 1,030,397
Tuition Charges	15,200	12,440	11,440	4,465	7,545	2,880	1,600	3,200	6,240	12,960
Transportation Charges		4,500	882	6,408	31,500	32,130	33,750	34,425	35,800	37,250
Interest Earnings	1,890	9,206	1,258							736
Miscellaneous	20,480	27,499	19,460	2,155	3,649	10,151	36,053	32,485	24,098	40,201
Local Sources	1,520	963	729							
State Sources	1,068,380	1,142,875	1,011,171	1,018,738	928,143	982,074	1,003,868	990,138	991,955	1,048,328
Federal Sources	72,662	82,649	77,299	168,963	70,526	154,787	80,543	76,216	125,653	76,889
Total Revenues	1,952,711	2,083,611	1,957,731	2,059,421	1,921,889	2,062,548	2,047,949	2,093,274	2,202,966	2,246,761
Expenditures										
Instruction										
Regular Instruction	614,665	693,576	700,303	685,746	544,178	636,653	652,809	670,614	753,704	710,869
Special Education Instruction	106,534	93,821	98,432	46,173	45,708	46,051	48,241	49,904	51,425	52,738
Other Instruction		40,410	52,256	33,314	106,330	68,979	24,156	21,561	23,154	34,190
Support Services										
Tuition	141,014	50,199	52,635	155,839	119,491	86,775	105,008	135,939	34,831	11,175
Student and Instruction Related Services	136,256	126,371	123,791	155,446	145,602	138,026	143,281	151,793	153,350	144,172
General Administration	115,867	119,487	119,369	103,971	120,182	121,040	126,856	126,861	129,722	129,061
School Administrative Services	15,889	26,261	24,091	22,458	24,544	21,520	24,683	21,196	21,145	21,095
Central Services	35,681	37,382	35,603	32,838	28,267	26,671	30,388	31,864	32,700	32,635
Plant Operations and Maintenance	139,735	146,439	196,026	173,289	172,945	158,069	161,339	223,909	191,025	197,825
Pupil Transportation	110,248	114,194	106,019	112,227	144,566	150,626	155,315	160,790	139,588	136,221
Employee Benefits	485,253	476,486	411,130	421,027	380,648	461,341	491,669	465,647	506,107	585,676
Other										
Capital Outlay		77,041	5,658	202,531	74,695	104,745	739	89,352	181,479	50,475
Total Expenditures	1,901,142	2,001,667	1,925,313	2,144,859	1,907,156	2,020,496	1,964,484	2,149,430	2,218,230	2,106,132
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	51,569	81,944	32,418	(85,438)	14,733	42,052	83,465	(56,156)	(15,264)	140,629
Other Financing Sources (Uses)										
Transfers Out	(7,000)	(11,000)	(26,590)	(23,255)	(5,053)	(6,659)	(9,000)	(3,058)	(1,000)	(7,265)
Proceeds from Capital Lease								88,613		
Prior Year Adjustment		(4,808)								
Total Other Financing Sources (Uses)	(7,000)	(15,808)	(26,590)	(23,255)	(5,053)	(6,659)	(9,000)	85,555	(1,000)	(7,265)
Net Change in Fund Balances	\$ 44,569	\$ 66,136	\$ 5,828	\$ (108,693)	\$ 9,680	\$ 35,393	\$ 74,465	\$ 29,399	\$ (16,264)	\$ 133,364
Debt Service as a Percentage of										
Noncapital Expenditures	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Source: CAFR Schedule B-2

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Transport- ation	Prior Year Revenue	Cell Tower Rent	Prior Year Refunds	Misc.	Total
2016	\$ 1,184	\$ 12,960	\$ 37,250		\$ 21,271	\$ 15,608	\$ 2,874	\$ 91,147
2015	1,402	6,240	34,425		20,600		2,096	64,763
2014	1,783	3,200	34,425		20,000		1,726	61,134
2013		1,600	33,750	32,795			3,258	71,403
2012	2,618	2,880	32,130			4,447	3,086	45,161
2011	945	7,545	31,500				2,704	42,694
2010		4,465	6,408			4,151	(1,996)	13,028
2009	1,258	11,440	882	1,600		17,244	616	33,040
2008	9,206	12,440	4,500	2,700		19,138	5,661	53,645
2007	15,811			1,860			2,809	20,480

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual County Equalized Value
2016	\$ 1,251,700	\$ 64,025,500	\$ 32,998,600	\$ 4,396,700	\$ 3,850,100	\$ 106,522,600	\$ 444,192	\$ 106,966,792	1.595	\$ 151,296,736
2015	1,389,600	64,176,800	32,264,900	4,412,700	3,850,100	106,094,100	419,884	106,513,984	1.603	150,656,272
2014	1,119,400	47,383,300	26,179,900	3,413,400	2,734,900	80,830,900	215,848	81,046,748	2.023	120,069,256
2013	996,700	47,099,200	26,219,400	3,435,700	2,902,500	80,653,500	281,783	80,935,283	1.969	119,904,123
2012	1,091,300	47,050,600	26,309,400	3,440,200	2,886,000	80,777,500	338,097	81,115,597	1.813	112,224,124
2011	1,230,300	47,044,200	26,049,000	3,471,300	3,137,300	80,932,100	332,500	81,264,600	1.826	119,487,463
2010	755,100	46,201,700	26,181,100	3,512,000	3,174,300	79,824,200	395,286	80,219,486	1.836	116,943,556
2009	784,000	46,218,400	25,864,600	3,490,100	3,177,900	79,535,000	453,399	79,988,399	1.687	113,537,433
2008	1,271,800	45,836,900	25,543,500	3,443,100	3,212,900	79,308,200	537,015	79,845,215	1.570	87,920,303
2007	819,800	45,232,800	25,375,700	3,501,600	3,212,900	78,142,800		78,142,800	1.023	95,076,364

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

* Estimate

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

Year Ended June 30,	Stow Creek Township and Regional Boards of Education			Overlapping Rates			
	Basic Rate ^a	General Obligation Debt Service ^D	Total District	Stow Creek Township	Cumberland County	REAP Credit	Total
2016	\$ 1.595	\$ 0.000	\$ 1.595	\$ 0.178	\$ 1.089	\$	\$ 2.862
2015	1.603	0.000	1.603	0.179	1.111		2.893
2014	2.023	0.000	2.023	0.233	1.484		3.740
2013	1.969	0.000	1.969	0.224	1.467		3.660
2012	1.813	0.000	1.813	0.218	1.324		3.355
2011	1.826	0.000	1.826	0.211	1.411		3.448
2010	1.836	0.000	1.836	0.208	1.451		3.495
2009	1.687	0.000	1.687	0.200	1.274		3.161
2008	1.023	0.000	1.570	0.178	1.050	0.710	3.508
2007	1.008	0.000	1.023	0.144	1.195	0.710	3.072

Source: District Records and Municipal Tax Collector

Note:

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

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

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

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

<u>Taxpayer</u>	<u>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>
Taxpayer #1	\$ 953,600	0.90%	\$	
Farm-Rite	878,600	0.82%		
Taxpayer #2	747,600	0.70%		
Taxpayer #3	655,500	0.62%		
Taxpayer #4	557,800	0.52%		
Taxpayer #5	555,700	0.52%		
Taxpayer #6	542,500	0.51%		
Taxpayer #7	500,800	0.47%	Not Available	
Taxpayer #8	461,900	0.43%		
Verizon NJ	444,192	0.42%		
Total	\$ 6,298,192	5.91%	\$ -	-

Source: District CAFR & Municipal Tax Assessor

* 2007 Not Available at Time of Audit

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2016	\$ 1,030,397	\$ 1,030,397	100%	\$
2015	1,019,220	1,019,220	100%	
2014	956,810	956,810	100%	
2013	892,135	892,135	100%	
2012	880,526	880,526	100%	
2011	880,526	880,526	100%	
2010	858,692	858,692	100%	
2009	835,492	835,492	100%	
2008	803,479	803,479	100%	
2007	772,579	772,579	100%	

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

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

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

N/A

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2016	\$	\$	\$	\$	\$		\$	
2015								
2014								
2013								
2012								
2011								
2010								
2009								
2008								
2007								

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

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

N/A

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^d
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2016	\$	\$	\$	\$	\$
2015					
2014					
2013					
2012					
2011					
2010					
2009					
2008					
2007					

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

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

STOW CREEK TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 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			
Township of Stow Creek	\$ -	100%	\$ -
Other debt			
County of Cumberland - Township's share	86,581,151	1.177%	1,019,127
Cumberland Regional School Debt	8,577,000	6.456%	553,753
Subtotal, Overlapping Debt			1,572,880
Stow Creek Township School District Direct Debt			-
Total Direct and Overlapping Debt			\$ 1,572,880

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized Valuation Basis	
	2015	\$ 102,397,548
	2014	105,152,725
	2013	114,094,639
	[A]	\$ 321,644,912
Average Equalized Valuation of Taxable Property	[A/3]	\$ 107,214,971
Debt Limit (3% of Average Equalization Value)	[B]	3,216,449 ^a
Net Bonded School Debt	[C]	-
Legal Debt Margin	[B-C]	\$ 3,216,449

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	\$ 2,536,175	\$ 2,616,690	\$ 3,019,972	\$ 3,358,802	\$ 3,671,806	\$ 3,540,195	\$ 2,316,406	\$ 3,457,353	\$ 2,192,474	\$ 3,216,449
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 2,536,175	\$ 2,616,690	\$ 3,019,972	\$ 3,358,802	\$ 3,671,806	\$ 3,540,195	\$ 2,316,406	\$ 3,457,353	\$ 2,192,474	\$ 3,216,449
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	-	-	-	-	-	-	-	-	-	-

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

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

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

<u>Year</u>	<u>Population ⁽¹⁾</u>	<u>Personal Income (thousands of dollars) ⁽²⁾</u>	<u>Per Capita Personal Income ⁽³⁾</u>	<u>Unemployment Rate ⁽⁴⁾</u>
2016 *	1,426	\$ 51,593,973	\$ 36,181	6.60%
2015	1,428	51,154,787	35,823	6.80%
2014	1,430	50,719,240	35,468	7.50%
2013	1,435	49,200,410	34,286	10.20%
2012	1,439	49,170,630	34,170	9.90%
2011	1,445	49,508,590	34,262	7.30%
2010	1,433	47,558,404	33,188	9.40%
2009	1,534	49,761,426	32,439	7.80%
2008	1,526	48,732,810	31,935	4.40%
2007	1,529	46,304,236	30,284	3.60%

* Estimate

Source:

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

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

<u>Employer*</u>	<u>2016</u>			<u>2007</u>	
	<u>Employees*</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Inspira Health Network	2,894	1	N/A	N/A	N/A
Durand Glass Manufacturing Co	1,000	2	N/A	N/A	N/A
Walmart	910	3	N/A	N/A	N/A
Shoprite	767	4	N/A	N/A	N/A
Sheppard Bus Service	650	5	N/A	N/A	N/A
F&S Produce/Pipco Transportation	600	6	N/A	N/A	N/A
Seabrook Brothers & Sons, Inc.	575	7	N/A	N/A	N/A
Wawa	552	8	N/A	N/A	N/A
Omni Baking	500	9	N/A	N/A	N/A
Elwyn New Jersey	448	10	N/A	N/A	N/A
	<u>8,896</u>		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

*Cumberland County

Source: Cumberland County

N/A 2007 Information not available at time of audit.

STOW CREEK 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	10.0	10.5	10.0	10.0	9.7	9.7	9.7	9.7	9.7	9.7
Special education	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Other special Education										
Vocational										
Other Instruction	2.6	2.6	2.6	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student & Instruction Related Services	1.3	1.3	1.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0
General Administrative Services										
School Administrative Services	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Other Administrative Services										
Central Services										
Administrative Information Technology										
Plant Operations and Maintenance	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Pupil Transportation	1.5	1.5	1.5	2.0	2.5	2.5	2.5	2.5	2.5	2.5
Other Support Services										
Contracted Service - Speech	1.0	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Special Schools										
Food Service - Contracted										
Totals	22.0	21.8	21.3	18.9	19.1	19.1	19.1	19.1	19.1	19.1

Source: District Personnel Records

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

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2007	141	\$ 1,901,123	13,483	1.42%	13.5	15.8 to 1	142.6	135.5	0.56%	95.02%
2008	138	1,924,626	13,947	3.44%	14.1	15.2 to 1	137.3	95.7	-3.72%	69.70%
2009	137	1,919,655	14,012	0.47%	14.6	15.2 to 1	136.6	131.0	-0.51%	95.90%
2010	134	1,942,328	14,495	3.45%	12.0	14.9 to 1	134.0	127.0	-1.90%	94.78%
2011	133	1,832,461	13,778	-4.95%	11.7	14.7 to 1	133.0	126.0	-0.75%	94.74%
2012	117	1,915,751	16,374	18.84%	11.7	13.0 to 1	117.0	112.0	-12.03%	95.73%
2013	117	1,963,745	16,784	2.51%	11.7	13.0 to 1	117.2	112.8	0.17%	96.25%
2014	116	2,060,078	17,759	5.81%	11.7	12.0 to 1	115.9	111.5	-1.11%	96.20%
2015	112	2,036,751	18,185	2.40%	11.7	12.4 to 1	111.8	107.5	-3.54%	96.15%
2016	112	2,055,657	18,354	0.93%	11.7	12.4 to 1	111.7	107.3	-0.09%	96.06%

Sources: District records, ASSA

Note: Enrollment based on annual October district count.

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

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

	<u>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>										
Stow Creek Township School (19..)										
Square Feet	20,461	20,461	20,461	20,461	20,461	20,461	20,461	20,461	20,461	20,461
Capacity (Students)	191	191	191	191	191	191	191	191	191	191
Enrollment	141	138	137	134	133	117	117	116	112	112

Number of Schools at June 30, 2016
Elementary = 1

Source: District records, ASSA

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

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

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

<u>School Facilities</u>	<u>Project #</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Stow Creek Township School	\$	30,206	\$ 33,835	\$ 50,917	\$ 8,525	\$ 9,425	\$ 18,698	\$ 16,094	\$ 17,419	\$ 17,419	\$ 24,745
Total School Facilities		<u>30,206</u>	<u>33,835</u>	<u>50,917</u>	<u>8,525</u>	<u>9,425</u>	<u>18,698</u>	<u>16,094</u>	<u>17,419</u>	<u>17,419</u>	<u>24,745</u>
Other Facilities											
Grand Total	\$	<u>30,206</u>	<u>\$ 33,835</u>	<u>\$ 50,917</u>	<u>\$ 8,525</u>	<u>\$ 9,425</u>	<u>\$ 18,698</u>	<u>\$ 16,094</u>	<u>\$ 17,419</u>	<u>\$ 17,419</u>	<u>\$ 24,745</u>

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

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

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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 Stow Creek Township School District, in the County of Cumberland, 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 Stow Creek Township's basic financial statements and have issued our report thereon dated October 26, 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 Stow Creek Township Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Stow Creek Township Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Stow Creek Township Board of Education's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Stow Creek Township Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose any 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 Stow Creek Township Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
October 26, 2016

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Stow Creek Township School District, in the County of Cumberland, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Stow Creek Township School District's major federal and state programs for the fiscal year ended June 30, 2016. The Stow Creek 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 Stow Creek 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 of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and 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 OMB 15-08*. Those standards, *Uniform Guidance and New Jersey 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 Stow Creek Township Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Stow Creek Township Board of Education's compliance with those requirements.

Opinion on Each Major Program

In our opinion, the Board of Education of the Stow Creek Township School District, in the County of Cumberland, State of New Jersey, complied, in all material respects, with the 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 Stow Creek Township School District's Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to major federal and state programs. In planning and performing our audit, we considered Stow Creek 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 OMB's Treasury Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Stow Creek 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.

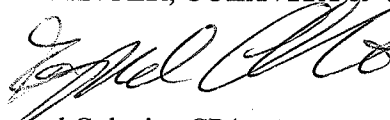
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We 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 26, 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 Stow Creek Township Board of Education, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA
Licensed Public School Accountant
No. 915
October 26, 2016

**TOWNSHIP OF STOW CREEK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grant Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2015		Cash Received	Budgetary	Budgetary Expenditures Direct	Adjust- ment	Total Budgetary Expenditures	Balance at June 30, 2016				
							Accounts Receivable	Unearned Revenue		Pass Through Funds				Accounts Receivable	Unearned Revenue	Due to Grantor		
U.S. Department of Education																		
Passed-through State Department of Education:																		
Special Revenue Fund:																		
Title I, Part A	84.010A	S010A150030	NCLB 5070-15	\$ 23,878	7/1/15	6/30/16	\$	\$	\$ 16,256	\$ (20,310)	\$	\$ (20,310)	\$ (4,054)	\$	\$			
Title I, Part A	84.010A	S010A150030	NCLB 5070-14	22,247	7/1/14	6/30/15	(4,050)		3,909		141							
Title I, Part A	84.010A	S010A150030	NCLB 5070-13	19,833	7/1/13	6/30/14		870							870			
Title II, A	84.367A	S367B150027	NCLB 5070-15	8,748	7/1/15	6/30/16												
I.D.E.A. Part B, Basic Regular	84.027	H027A150100	IDEA507015	46,559	7/1/15	6/30/16			17,210	(46,559)		(46,559)	(29,349)					
I.D.E.A. Part B, Pre-School	84.173	H173A150114	IDEA507015	818	7/1/15	6/30/16				(818)		(818)	(818)					
Rural Education	84.358A	S358A093997	S358A093997	21,244	9/1/09	8/31/10		4,926							4,926			
Rural Education	84.358A	S358A103997	S358A103997	21,291	9/1/10	8/31/11		3,467							3,467			
Rural Education	84.358A	S358A113997	S358A113997	19,205	7/1/11	9/30/12		9,554							9,554			
Rural Education	84.358A	S358A153997	S358A153997	16,118	7/1/15	6/30/16			5,806	(9,202)		(9,202)	(3,396)					
Total Special Revenue Fund							(4,050)	18,817	43,181	(76,889)		141	(76,889)	(37,617)	18,817			
U.S. Department of Agriculture																		
Passed-through State Department of Education:																		
Enterprise Fund:																		
Food Distribution Program	10.565	16161NJ304N1099	NA	3,396	7/1/15	6/30/16			3,396	(3,068)		(3,068)			328			
Food Distribution Program	10.565	16161NJ304N1099	NA	8,286	7/1/14	6/30/15		1,641		(1,641)		(1,641)						
National School Breakfast Program	10.553	16161NJ304N1099	NA	2,113	7/1/15	6/30/16			1,998	(2,113)		(2,113)	(115)					
National School Breakfast Program	10.553	16161NJ304N1099	NA	3,090	7/1/14	6/30/15	(211)		211									
National School Lunch Program	10.555	16161NJ304N1099	NA	13,630	7/1/15	6/30/16			12,849	(13,630)		(13,630)	(781)					
National School Lunch Program	10.555	16161NJ304N1099	NA	14,473	7/1/14	6/30/15	(1,115)		1,115									
Total Enterprise Fund							(1,326)	1,641	19,569	(20,452)		(20,452)	(896)	328				
Total Federal Financial Awards							\$ (5,376)	\$ 20,458	\$ 62,750	\$ (97,341)		\$ 141	\$ (97,341)	\$ (38,513)	\$ 19,145			

See accompanying notes to schedules of financial assistance
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 STOW CREEK 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	Program or Award Amount	Grant Period		Balance at June 30, 2015			Budgetary Expenditures	Repaymt. of Prior Year Balances	Balances at June 30, 2016			MEMO	
			From	To	(Accounts Receivable)/ Unearned Rev	Due to Grantor	Cash Received			(Accounts Receivable)	Unearned Revenue/ Interfund Payable	Due to Grantor		Budgetary Receivable
State Department of Education														
General Fund:														
Equalization Aid	15-495-034-5120-078	\$ 566,187	7/1/14	6/30/15	\$ (53,225)	\$	\$ 53,225	\$	\$	\$	\$	\$	\$	
Equalization Aid	16-495-034-5120-078	566,187	7/1/15	6/30/16			510,913	(566,187)		(55,274)		*	(55,274)	
Transportation Aid	15-495-034-5120-014	52,220	7/1/14	6/30/15	(4,909)		4,909						566,187	
Transportation Aid	16-495-034-5120-014	52,220	7/1/15	6/30/16			47,122	(52,220)		(5,098)		*	(5,098)	
Special Education Categorical Aid	15-495-034-5120-089	68,555	7/1/14	6/30/15	(6,445)		6,445						52,220	
Special Education Categorical Aid	16-495-034-5120-089	68,555	7/1/15	6/30/16			61,862	(68,555)		(6,693)		*	(6,693)	
Security Aid	15-495-034-5120-084	16,100	7/1/14	6/30/15	(1,514)		1,514						68,555	
Security Aid	16-495-034-5120-084	16,100	7/1/15	6/30/16			14,528	(16,100)		(1,572)		*	(1,572)	
Adjustment Aid	15-495-034-5120-085	121,527	7/1/14	6/30/15	(11,424)		11,424						16,100	
Adjustment Aid	16-495-034-5120-085	121,527	7/1/15	6/30/16			109,663	(121,527)		(11,864)		*	(11,864)	
Additional Adjustment Aid	15-495-034-5120-085	5,359	7/1/14	6/30/15	(504)		504						121,527	
Additional Adjustment Aid	16-495-034-5120-085	5,359	7/1/15	6/30/16			4,836	(5,359)		(523)		*	(523)	
PARCC Readiness Aid	15-495-034-5120-098	1,150	7/1/14	6/30/15	(108)		108						5,359	
PARCC Readiness Aid	16-495-034-5120-098	1,150	7/1/15	6/30/16			1,038	(1,150)		(112)		*	(112)	
Per Pupil Growth Aid	15-495-034-5120-097	1,150	7/1/14	6/30/15	(108)		108						1,150	
Per Pupil Growth Aid	16-495-034-5120-097	1,150	7/1/15	6/30/16			1,038	(1,150)		(112)		*	(112)	
Additional Non Public School Trans Costs	15-495-034-5120-014	845	7/1/14	6/30/15	(1,566)		1,566						1,150	
Additional Non Public School Trans Costs	16-495-034-5120-014	870	7/1/15	6/30/16			(870)			(870)		*	870	
Reimbursed TPAF Social Security Contrib.	16-495-034-5094-003	58,964	7/1/15	6/30/16			58,964	(58,964)				*	58,964	
Total General Fund					(79,803)		889,767	(892,082)		(82,118)			(81,248)	892,082
Special Revenue Fund:														
N.J. Nonpublic Aid:														
Nursing Aid	16-100-034-5120-070	9,990	7/1/15	6/30/16			9,990	(9,990)				*	9,990	
N.J. Nonpublic Textbook Aid	16-100-034-5120-064	6,338	7/1/15	6/30/16			6,338	(6,309)				29	6,309	
N.J. Nonpublic Textbook Aid	15-100-034-5120-064	6,711	7/1/14	6/30/15		875			(875)					
Nonpublic Tech	15-100-034-5120-373	2,477	7/1/14	6/30/15		12			(12)					
Nonpublic Tech	16-100-034-5120-373	2,886	7/1/15	6/30/16			2,886	(2,865)				21	2,865	
Nonpublic Security	16-100-034-5120-509	2,775	7/1/15	6/30/16			2,775					2,775		
Chapter 192: Auxiliary Services														
Compensatory Education	15-100-034-5120-067	11,984	7/1/14	6/30/15		8,958			(8,958)					
Transportation	15-100-034-5120-068	1,998	7/1/14	6/30/15		1,087			(1,087)					
Chapter 193: Handicapped Services														
Examination and Classification	15-100-034-5120-066	1,433	7/1/14	6/30/15		1,083			(1,083)					
Corrective Speech	15-100-034-5120-066	7,031	7/1/14	6/30/15		5,301			(5,301)					
Supplemental Instruction	15-100-034-5120-066	694	7/1/14	6/30/15		1,569			(1,569)					
Character Education	07-495-034-5120-053	16,000	7/1/06	6/30/07	3,852			(795)		3,057		*	795	
Total Special Revenue Fund					3,852	18,885	21,989	(19,959)	(18,885)		3,057	2,825		19,959
State Department of Agriculture														
Enterprise Fund:														
State School Lunch Program	16-100-010-3350-023	420	7/1/15	6/30/16			396	(420)		(24)		*	420	
State School Lunch Program	15-100-010-3350-023	489	7/1/14	6/30/15	(46)		46							
Total Enterprise Fund					(46)		442	(420)		(24)			420	
Total State Financial Assistance Subject to OMB 15-08					\$ (75,997)	\$ 18,885	\$ 912,198	\$ (912,461)	\$ (18,885)	\$ (82,142)	\$ 3,057	\$ 2,825	\$ (81,248)	\$ 912,461
State Financial Assistance Not Subject to OMB 15-08														
On-Behalf TPAF Post Retirement Medical	16-495-034-5094-001	76,326	7/1/15	6/30/16			\$ 76,326	\$ (76,326)						
On-Behalf TPAF Pension Contribution	16-495-034-5094-006	64,101	7/1/15	6/30/16			64,101	(64,101)						
Total State Financial Assistance							\$ 1,052,625	\$ (1,052,888)						

See accompanying notes to schedules of financial assistance

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

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 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 the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A.*, 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund, where applicable, also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A.* 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(3,011) for the general fund and (\$1,129) for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

STOW CREEK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE

JUNE 30, 2016

(Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 1,029,498	\$ 1,029,498
Special Revenue Fund	76,889	18,830	95,719
Food Service Fund	<u>20,452</u>	<u>420</u>	<u>20,872</u>
Total Financial Assistance	\$ <u>97,341</u>	\$ <u>1,048,748</u>	\$ <u>1,146,089</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

The Stow Creek School District had no federal or state loan balances outstanding at June 30, 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: MAJOR PROGRAM

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

NOTE 8: SCHOOL-WIDE PROGRAM FUNDS

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

NOTE 9: ADJUSTMENT

There were no adjustments on Schedule A, Exhibit K-3. There was one prior year adjustment in the Title 1A allocation in the amount of \$141, as reflected on Schedule A, Exhibit K-3.

STOW CREEK 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:

- 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 section .516(a) of Uniform Guidance? _____ yes X no

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

N/A

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

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

STOW CREEK 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 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
16-495-034-5120-085	Adjustment Aid
16-495-034-5120-085	Additional Adjustment Aid
16-495-034-5120-098	PARCC Readiness Aid
16-495-034-5120-097	Per Pupil Growth Aid
16-495-034-5120-014	Transportation Aid

**STOW CREEK 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 OMB Treasury Circular 15-08 audit.

Finding: NONE

Criteria or specific requirement:

Condition:

Context:

Effect:

Cause:

Recommendation:

Management's response:

**STOW CREEK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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 OMB Treasury Circular Letter 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:

**STOW CREEK 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 OMB's Treasury Circular 04-04 and/or 15-08, as applicable.

STATUS OF PRIOR - YEAR FINDINGS

There were no prior year findings.