

**Elk Township School District
Board of Education
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017**

ELK TOWNSHIP SCHOOL DISTRICT

AURA, NEW JERSEY

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

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

For the Fiscal Year Ended June 30, 2017

Prepared by:

**Elk Township School
Board of Education Administration**

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INTRODUCTORY SECTION



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

November 30, 2017

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

Dear Board Members and Constituents:

The comprehensive annual financial report of the Elk Township School District for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections:

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

1) REPORTING ENTITY AND ITS SERVICES:

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

The Elk Township Board of Education and its school, constitutes the District's reporting entity. The District provides a full range of educational services appropriate to grade levels Pre-K through 6. These include regular, as well as special education for handicapped youth. The District completed the 2016-17 fiscal year with an average daily enrollment of 337 students, which is 6 students less than the previous year's enrollment.

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

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

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

A strong basic skills curriculum in reading and math is available for students who are identified based on their standardized test scores, district assessment, grades, and/or teacher recommendation. The District employs five basic skills teachers whose purpose is to ensure that the students receive a targeted remedial program appropriate to their needs. A summer program also occurs that focuses on improving students' ELA and math skills.

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

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

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

2) ECONOMIC CONDITION AND OUTLOOK:

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

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

3) MAJOR INITIATIVES:

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

Literacy and Math

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

Technology

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

opportunities for success requires a diligent commitment to shifting thoughts about teaching and learning while increasing equity and access. The 2016-2019 Technology Plan for Digital Learning is one of rigor and challenging goals for all stakeholders. The District offers a robust environment that challenges students and staff to remain current with technology while continuing to be progressive with our objectives.

The Arts

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

Professional Development

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

4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

5) BUDGETARY CONTROLS:

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

6) ACCOUNTING SYSTEM AND REPORTS:

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

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

7) MANAGEMENT'S DISCUSSION AND ANALYSIS:

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

8) CASH MANAGEMENT:

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

9) RISK MANAGEMENT:

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

10) INDEPENDENT AUDIT:

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

11) AWARDS – EDUCATIONAL:

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

12) ACKNOWLEDGMENTS:

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

Respectfully Submitted,

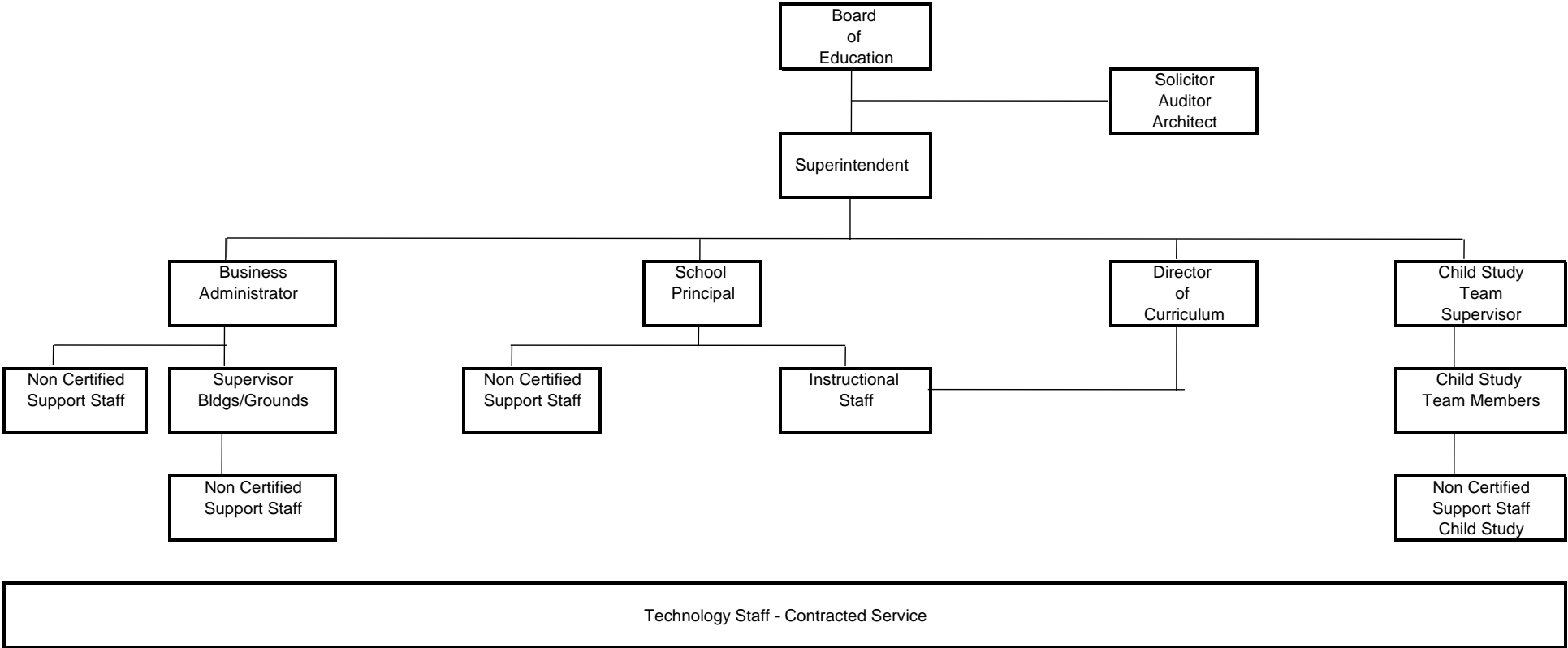
Dr. Piera Gravenor

Dr. Piera Gravenor
Superintendent

Joseph M. Collins, CPA

Joseph M. Collins, CPA
Business Administrator/Board Secretary

**ELK TOWNSHIP BOARD OF EDUCATION
ORGANIZATIONAL CHART**



ELK TOWNSHIP BOARD OF EDUCATION

Elk Township, New Jersey

**ROSTER OF OFFICIALS
June 30, 2017**

MEMBERS OF THE BOARD OF EDUCATION	Term Expires
Jessica J. Dadak, President	2018
Kevin French, Vice President	2020
Douglas Gominger	2018
J. Wilson Hughes, Jr.	2018
Cheryl L. Potter	2020
Mary Snively	2020
Mary Spring	2019
Edward Walter	2018
Jennifer Wirtz	2019

OTHER OFFICIALS

Dr. Piera Gravenor, Superintendent

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

Stephen Considine, Treasurer

Frank P. Cavallo, Jr., Solicitor

ELK TOWNSHIP BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

ARCHITECTS

Garrison Architects
713 Creek Road
Bellmawr, NJ 08031

AUDIT FIRM

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

ATTORNEY

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

OFFICIAL DEPOSITORY

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

FINANCIAL SECTION

PETRONI & ASSOCIATES LLC

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

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Governmental Activities, the Business-type Activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Elk Township School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities, the Business-type Activities, each major fund, and the aggregate remaining fund information of the Elk Township Board of Education as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017, on our consideration of the Elk Township Board of Education's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering Elk Township Board of Education's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



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

November 30, 2017

Required Supplementary Information – Part I

Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2017
Unaudited

This section of Elk Township Public School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2017. Comparative financial data is presented. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Areas of Interest

Key financial highlights for 2017 are as follows:

- In total, net position increased from \$2,404,665 in FY 2016 to \$2,611,193 (See Exhibit A-1) in FY 2017 which is a \$206,528 increase or a 9% increase from fiscal year 2016.
- General revenues accounted for \$6,462,323 in revenue (See Exhibit A-2) or 93% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$473,904 or 7% of total revenues of \$6,936,227.
- The District had \$6,729,399 in expenses; only \$473,904 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and state aid) of \$6,462,323 were adequate to provide for these programs.
- Among Governmental Funds, the General Fund, the District's most significant fund, had \$6,289,303 in revenues and \$6,318,937 in expenditures (see Exhibit B-2). The fund balance for the General Fund increased \$139,915 over fiscal year 2016. This increase was partially due to increases in revenue of \$333,380.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole, looks at all financial transactions and asks the question, "How did we do financially during 2016-2017?" The Statement of Net Position and the Statement of Activities answer this question.

Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2017
Unaudited

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

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

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

Enterprise Fund

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

Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2017
Unaudited

Notes to the Financial Statements

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

The School District as a Whole

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

Table 1 provides a summary of the School District's net position for fiscal years 2017 and 2016.

Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2017
Unaudited

The School District as a Whole (Continued)

Table 1
Elk Township School District's Net Position

	Business-		Business-		School District Total	
	Governmental	type	Governmental	type	Total	Total
	Activities		Activities		2017	2016
	2017		2016			
Assets						
Current and other assets	\$ 1,430,928	\$ 298,757	\$ 1,567,088	\$ 248,435	\$ 1,729,685	\$ 1,815,523
Capital assets	3,330,282	9,851	3,161,843	10,810	3,340,133	3,172,653
Total assets	<u>4,761,210</u>	<u>308,608</u>	<u>4,728,931</u>	<u>259,245</u>	<u>5,069,818</u>	<u>4,988,176</u>
Deferred Outflows of Resources						
Deferred outflows related to pension	<u>867,624</u>		<u>148,563</u>		<u>867,624</u>	<u>61,984</u>
Liabilities						
Long-term liabilities	2,972,772		1,971,415		2,972,772	1,971,415
Other liabilities	345,558	7,619	621,276	6,260	353,177	627,536
Total liabilities	<u>3,318,330</u>	<u>7,619</u>	<u>2,592,691</u>	<u>6,260</u>	<u>3,325,949</u>	<u>2,598,951</u>
Deferred Inflows of Resources						
Deferred inflows related to pension			<u>133,123</u>			<u>165,846</u>
Net Position						
Invested in capital assets,						
Net of related debt	2,395,282	9,851	2,096,843	10,810	2,405,133	2,107,653
Restricted	1,221,735		1,083,250		1,221,735	1,083,250
Unrestricted	(1,305,450)	291,138	(1,028,413)	242,175	(1,014,312)	(786,238)
Total net position	<u>\$ 2,311,567</u>	<u>\$ 300,989</u>	<u>\$ 2,151,680</u>	<u>\$ 252,985</u>	<u>\$ 2,612,556</u>	<u>\$ 2,404,665</u>

The District's combined net position was \$2,612,556 on June 30, 2017. This was an 8.6% increase from the prior year.

Total assets increased \$81,642. There was a decrease in current and other assets and an increase in capital assets due to construction in progress.

Total liabilities increased \$726,998 due mainly to pension liability.

Table 2 shows changes in net position for fiscal years 2017 and 2016.

Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2017
Unaudited

The School District as a Whole (Continued)

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

	Governmental	Business- type	Governmental	Business- type	Total	Total
	Activities		Activities		2017	2016
	2017		2016			
Revenues:						
Program revenues						
Charges for services	\$ 6,099	\$ 106,763	\$ 3,239	\$ 84,386	\$ 112,862	\$ 87,625
Operating grants and contributions	293,375	67,667	285,723	71,372	361,042	357,095
General revenues						
Property taxes	2,919,283		2,867,216		2,919,283	2,867,216
Federal and state aid not restricted	3,292,233		3,208,109		3,292,233	3,208,109
Other	251,541	329	58,814	219	251,870	59,033
Total revenue	<u>6,762,531</u>	<u>174,759</u>	<u>6,423,101</u>	<u>155,977</u>	<u>6,937,290</u>	<u>6,579,078</u>
Expenses:						
Instruction	2,405,255		2,334,200		2,405,255	2,334,200
Student support services	1,026,794		705,620		1,026,794	705,620
School administration	133,198		124,419		133,198	124,419
General & bus. administration	254,681		251,928		254,681	251,928
Plant operations & maintenance	356,323		355,016		356,323	355,016
Pupil transportation	443,715		433,490		443,715	433,490
Unallocated benefits	1,712,709		1,405,894		1,712,709	1,405,894
Food service		109,316		109,097	109,316	109,097
Childcare		17,439		14,375	17,439	14,375
Unallocated depreciation	197,398		207,714		197,398	207,714
Other	72,571		102,651		72,571	102,651
Total expenses	<u>6,602,644</u>	<u>126,755</u>	<u>5,920,932</u>	<u>123,472</u>	<u>6,729,399</u>	<u>6,044,404</u>
Transfers			(32,000)	32,000		
Prior year receivables canceled			(40,453)			
Increase (decrease) in net position	<u>\$ 159,887</u>	<u>\$ 48,004</u>	<u>\$ 429,716</u>	<u>\$ 64,505</u>	<u>\$ 207,891</u>	<u>\$ 534,674</u>

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

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

There was an increase in property taxes of \$52,067. The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the District budget and related tax levy.

Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2017
Unaudited

Governmental Activities

The District's total revenues for Governmental Activities were \$6,756,432 (see Exhibit B-2) for the year ended June 30, 2017. Federal and state aid accounted for 53% of revenues. Property taxes made up 45% of revenues for Governmental Activities.

The total cost of all programs and services was \$6,786,225. Instruction and instruction related activities were \$3,465,685, which accounts for 51% of District expenses.

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

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

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

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

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

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

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

Elk Township Board of Education
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Unaudited

Governmental Activities (Continued)

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

	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2017</u>	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>
Instruction:	\$ 2,405,255	\$ 2,111,880	\$ 2,334,200	\$ 2,048,477
Support services:				
Pupils and instructional staff	1,026,794	1,026,794	705,620	705,620
School administration	133,198	133,198	124,419	124,419
General & bus. administration	254,681	254,681	251,928	251,928
Plant operations & maintenance	356,323	350,224	355,016	351,777
Pupil transportation	443,715	443,715	433,490	433,490
Unallocated benefits	1,712,709	1,712,709	1,405,894	1,405,894
Other	269,969	269,969	310,365	310,365
Total expenses	<u>\$ 6,602,644</u>	<u>\$ 6,303,170</u>	<u>\$ 5,920,932</u>	<u>\$ 5,631,970</u>

Of the \$6,602,644 total cost of services for fiscal year 2017, \$6,303,170 is for activities which are not self-supporting and are supported by tax revenue and unrestricted aid.

Business-type Activities

Business-type Activities include the food service and childcare operation. These programs had revenues of \$174,430 and expenses of \$126,755 for fiscal year 2017. The District received 39% of its revenues from grants from the federal and state reimbursable lunch and breakfast programs. Revenues from federal and state grant programs are driven by participation. Because program revenues are not adequate to cover the cost of running the food service program, the Board of Education can elect to raise the prices of student and adult lunches.

The School District's Funds

All Governmental Funds (i.e., General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$6,756,432 and expenditures were \$6,786,225. The schedules included in the financial section of this report demonstrate that the District continues to meet its responsibility for sound financial management.

The following schedules present a summary of the revenues of the Governmental Funds for the fiscal year ended June 30, 2017, and the amount and percentage of increases and decreases in relation to prior year revenues. The Capital Projects Fund is not included in the schedule because revenue in this fund is infrequent and cannot be compared to the prior year.

Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2017
Unaudited

The School District's Funds (Continued)

Table 4 - Revenue Comparison

Revenue	Amount	Percent of Total	Increase (Decrease) from 2016	Percent of Increase (Decrease)
Local sources	\$ 3,172,872	46.96%	\$ 246,842	8.29%
State sources	3,331,423	49.31%	102,733	3.25%
Federal sources	252,137	3.73%	(13,005)	-4.23%
	<u>\$ 6,756,432</u>	<u>100.00%</u>	<u>\$ 336,570</u>	5.22%

The increase in state sources is the result of changes in state aid calculations. The increase in local sources is attributable to an increase in tuition of \$44,833, and increase in miscellaneous income of 148,013 and an increase in property taxes of \$52,067.

The following schedule presents a summary of General Fund, Special Revenue Fund, and Debt Service Fund expenditures for the fiscal year ended June 30, 2017, and the amount and percentage of increases and decreases in relation to prior year expenditures.

Table 5 - Expenditure Comparison

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2016	Percent of Increase (Decrease)
Current expense:				
Instruction	\$ 2,438,891	35.94%	\$ 82,462	3.10%
Undistributed	3,778,051	55.67%	474,525	13.57%
Debt service	172,681	2.54%	(5,525)	-3.01%
Capital outlay	396,602	5.84%	334,772	1711.95%
	<u>\$ 6,786,225</u>	<u>100.00%</u>	<u>\$ 886,234</u>	13.93%

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

General Fund Budgeting Highlights

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

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

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

Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2017
Unaudited

General Fund Budgeting Highlights (Continued)

For the General Fund, total revenues on the budget basis were \$6,285,636. The state contribution for TPAF members for pension and social security is neither a revenue item nor is it an expenditure to the District, but is required to be reflected in the financial statements; elimination of this item will provide a more accurate comparison of budget to actual revenues and expenditures. The total revenues represent an increase of \$828,154 over the final budget amount. This was mainly due to the unanticipated decrease in state aid during the school year caused by the decision of the state to withhold state aid from all School Districts in the amount of prior year excess surplus plus 25% of reserve balances.

Total expenditures, on the budget basis, were \$6,318,937. Expenditures were \$347,025 more than the final budget amount. The final budget includes amounts encumbered in the prior year to be expended in the current year. Expenditures were more than anticipated due to on-behalf contributions and capital leases that were not budgeted.

Capital Assets

At the end of fiscal year 2017, the School District had \$3,340,133 invested in land, buildings, and machinery and equipment for Governmental and Business-type Activities. Table 6 shows fiscal year 2017 balances compared to 2016.

Debt Administration

Table 6 - Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land & improvements	\$ 263,466	\$ 267,502			\$ 263,466	\$ 267,502
Buildings & improvements	2,631,303	2,784,712			2,631,303	2,784,712
Construction in progress	351,330				351,330	
Vehicles	37,559	42,976			37,559	42,976
Machinery & equipment	46,624	66,653	\$ 9,851	\$ 10,810	56,475	77,463
Total	\$ 3,330,282	\$ 3,161,843	\$ 9,851	\$ 10,810	\$ 3,340,133	\$ 3,172,653

At June 30, 2017, the School District had \$1,200,596 of outstanding debt. Of this amount, \$142,491 is for compensated absences; \$123,105 is for capital leases and \$935,000 for bonds payable. The District continues to pay down its debt, decreasing bonds and capital leases of \$176,434 in fiscal year 2017.

Table 7 - Outstanding Debt at Year-End

	2017	2016
2008 general obligation bonds	\$ 935,000	\$ 1,065,000
Capital leases	123,105	
Compensated absences payable	142,491	132,184
Total	\$ 1,200,596	\$ 1,197,184

Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2017
Unaudited

For the Future

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

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

The Elk Township School District receives a majority of its revenue from two sources; state aid and local property taxes. State aid amounts have remained level until this past year when the Elk Township School District had a slight decrease in aid. This decrease and the 2% mandated cap on property tax increases have created several challenges for the District to move forward with its curriculum and operation.

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

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

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

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 691,357	\$ 280,476	\$ 971,833
Receivables, net	533,360	3,281	536,641
Interfund receivable	120,123	11,565	131,688
Inventory		3,435	3,435
Restricted assets:			
Cash and cash equivalents	3,406		3,406
Capital reserve account - cash	74,868		74,868
Capital assets:			
Non-depreciable	45,404		45,404
Assets net of depreciation	3,284,878	9,851	3,294,729
Total assets	<u>4,753,396</u>	<u>308,608</u>	<u>5,062,004</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred bond issuance costs, net	9,940		9,940
Deferred outflows related to pension	867,624		867,624
	<u>877,564</u>		<u>877,564</u>
LIABILITIES			
Accounts payable	54,218	166	54,384
Accrued interest payable	18,296		18,296
Deferred revenue	16,021	1,553	17,574
Deposits payable		2,298	2,298
Interfund payable	128,086	3,602	131,688
Noncurrent liabilities:			
Due within one year	130,000		130,000
Due beyond one year	1,070,596		1,070,596
Net pension liability	1,902,176		1,902,176
Total liabilities	<u>3,319,393</u>	<u>7,619</u>	<u>3,327,012</u>
NET POSITION			
Invested in capital assets, net of related debt	2,395,282	9,851	2,405,133
Restricted for:			
Debt service	5		5
Capital projects	3,380		3,380
Other purposes	1,218,350		1,218,350
Unrestricted	(1,305,450)	291,138	(1,014,312)
Total net position	<u>\$ 2,311,567</u>	<u>\$ 300,989</u>	<u>\$ 2,612,556</u>

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
 Statement of Activities
 For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
Instruction:							
Regular	\$ 1,760,745				\$ (1,760,745)		\$ (1,760,745)
Special education	495,460		\$ 293,375		(202,085)		(202,085)
Other special instruction	121,749				(121,749)		(121,749)
Other instruction	27,301				(27,301)		(27,301)
Support services:							
Tuition	185,221				(185,221)		(185,221)
Student & instructional related services	841,573				(841,573)		(841,573)
School administrative services	133,198				(133,198)		(133,198)
General & business administrative services	254,681				(254,681)		(254,681)
Plant operations & maintenance	356,323	\$ 6,099			(350,224)		(350,224)
Pupil transportation	443,715				(443,715)		(443,715)
Unallocated benefits	1,712,709				(1,712,709)		(1,712,709)
Interest on long-term debt	40,149				(40,149)		(40,149)
Amortization of bond issuance costs	1,657				(1,657)		(1,657)
Capital outlay	30,765				(30,765)		(30,765)
Unallocated depreciation	197,398				(197,398)		(197,398)
Total governmental activities	6,602,644	6,099	293,375		(6,303,170)		(6,303,170)
Business-type activities:							
Food service	109,316	42,546	67,667			\$ 897	897
Childcare	17,439	64,217				46,778	46,778
Total business-type activities	126,755	106,763	67,667			47,675	47,675
Total primary government	\$ 6,729,399	\$ 112,862	\$ 361,042		\$ (6,303,170)	\$ 47,675	\$ (6,255,495)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					\$ 2,819,022		\$ 2,819,022
Taxes levied for debt service					100,261		100,261
Federal and state aid not restricted					3,292,233		3,292,233
Tuition received					93,687		93,687
Investment earnings					4,230	\$ 329	4,559
Miscellaneous Income					153,624		153,624
Total general revenues, special items, extraordinary items, and transfers					6,463,057	329	6,463,386
Change in net position					159,887	48,004	207,891
Net position - beginning					2,151,680	252,985	2,404,665
Net position - end					\$ 2,311,567	\$ 300,989	\$ 2,612,556

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

ELK TOWNSHIP BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 691,357				\$ 691,357
Receivables from other governments	403,114	\$ 129,146			532,260
Interfund accounts receivable	120,123				120,123
Restricted cash and cash equivalents	74,868		\$ 3,401	\$ 5	78,274
Total assets	\$ 1,289,462	\$ 129,146	\$ 3,401	\$ 5	\$ 1,422,014
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 51,626	\$ 2,592			\$ 54,218
Interfund accounts payable	12,048	115,942	\$ 21		128,011
Deferred revenue		16,021			16,021
Total liabilities	63,674	134,555	21		198,250
Fund balances:					
Restricted for:					
Capital reserve account	474,868				474,868
Excess surplus - current year	154,204				154,204
Excess surplus -prior year designated for subsequent year's expenditures	458,566				458,566
Debt service fund				\$ 5	5
Capital projects fund			3,380		3,380
Assigned fund balance:					
Other purposes	126,105				126,105
Designated by the BOE for subsequent year's expenditures	3,544				3,544
SEMI - ARRA Designated by the BOE for subsequent year's expenditures	1,063				1,063
Unassigned fund balance:					
General fund	7,438				7,438
Special revenue fund		(5,409)			(5,409)
Total fund balances	1,225,788	(5,409)	3,380	5	1,223,764
Total liabilities and fund balances	\$ 1,289,462	\$ 129,146	\$ 3,401	\$ 5	

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2017

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

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$7,532,743 and the accumulated depreciation is \$4,202,461 (See Note7).	\$ 3,330,282
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 8).	(1,200,596)
Net pension liability adjustment	(1,034,552)
Internal Service Funds are used by Management to charge the costs of certain activities, such as custodial services to other governments. Assets and liabilities of the Internal Service Fund of \$1,025 are included in the Statement of Net Position.	1,025
The costs associated with the issuance of bonds are expensed in the Governmental Funds in the year the bonds are issued but are capitalized on the Statement of Net Position. The bond issuance cost is \$24,853 and accumulated amortization if \$14,913.	9,940
Interest on long-term debt in the Statement of Activities is accrued, regardless of when due.	(18,296)
Net position of Governmental Activities	<u>\$ 2,311,567</u>

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 2,819,022			\$ 100,261	\$ 2,919,283
Tuition	93,687				93,687
Interest earned on investments	3,920		\$ 10		3,930
Interest earned on capital reserve funds	300				300
Miscellaneous	153,624				153,624
	<u>3,070,553</u>		<u>10</u>	<u>100,261</u>	<u>3,170,824</u>
State sources	3,206,142	\$ 52,861		72,420	3,331,423
Federal sources	13,671	238,466			252,137
Local sources		2,048			2,048
	<u>6,290,366</u>	<u>293,375</u>	<u>10</u>	<u>172,681</u>	<u>6,756,432</u>
Total revenues					
EXPENDITURES:					
Current:					
Regular instruction	1,798,364				1,798,364
Special education instruction	316,841	178,754			495,595
Other special instruction	117,631				117,631
Other instruction	27,301				27,301
Support:					
Tuition	185,221				185,221
Student & instruction related services	725,720	115,853			841,573
School administrative services	130,682				130,682
Other administrative services	258,039				258,039
Plant operations and maintenance	352,605				352,605
Pupil transportation	443,715				443,715
Unallocated benefits	1,566,216				1,566,216
Debt service:					
Principal				130,000	130,000
Interest				42,681	42,681
Capital outlay	396,602				396,602
	<u>6,318,937</u>	<u>294,607</u>		<u>172,681</u>	<u>6,786,225</u>
Total expenditures					
Excess (deficiency) of revenues over expenditures	<u>(28,571)</u>	<u>(1,232)</u>	<u>10</u>		<u>(29,793)</u>
Other financing sources (uses):					
Capital leases (non-budgeted)	169,539				169,539
Transfers in	10				10
Transfers out			(10)		(10)
	<u>169,549</u>		<u>(10)</u>		<u>169,539</u>
Total other financing sources (uses)					
Net change in fund balances	140,978	(1,232)			139,746
Fund balance - July 1	1,084,810	(4,177)	3,380	5	1,084,018
Fund balance - June 30	<u>\$ 1,225,788</u>	<u>\$ (5,409)</u>	<u>\$ 3,380</u>	<u>\$ 5</u>	<u>\$ 1,223,764</u>

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2017

Total net change in fund balances - Governmental Funds (from B-2)	\$ 139,746
Amounts reported for Governmental Activities in the Statement of Activities (A-2) are different because:	
Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation expense	\$ (197,398)
Capital outlays	365,837
	168,439
Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities.	
Bond principal	130,000
Capital lease obligation proceeds	(169,539)
Capital lease obligation principal	46,434
In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. The accrued interest is a reduction in the reconciliation.	
	2,532
Bond issuance costs are reported in the Governmental Funds as expenditures in the year the bonds are issued. However, on the Statement of Activities, the costs are amortize over the life of the bonds.	
	(1,657)
Pension contributions are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the contributions are adjusted for actuarial valuation adjustments.	
	(145,761)
In the Statement of Activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.	
	(10,307)
Change in net position of Governmental Activities	\$ 159,887

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-type Activities Enterprise Funds		Governmental Activities
	Food Service	Childcare	Internal Service Fund
	<u>Food Service</u>	<u>Childcare</u>	<u>Internal Service Fund</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 114,961	\$ 165,515	
Accounts receivable:			
State	60		
Federal	2,989		
Other	232		\$ 1,100
Interfund accounts receivable	11,565		
Inventory	3,435		
Total current assets	<u>133,242</u>	<u>165,515</u>	<u>1,100</u>
Noncurrent assets:			
Furniture, machinery & equipment	52,782		
Less accumulated depreciation	(42,931)		
Total noncurrent assets	<u>9,851</u>		
Total assets	<u>143,093</u>	<u>165,515</u>	<u>1,100</u>
LIABILITIES			
Current liabilities:			
Deferred revenue	1,553		
Deposits payable	2,298		
Accounts payable		166	
Interfund payable		3,602	75
Total current liabilities	<u>3,851</u>	<u>3,768</u>	<u>75</u>
NET POSITION			
Invested in capital assets net of related debt	9,851		
Unrestricted	129,391	161,747	1,025
Total net position	<u>\$ 139,242</u>	<u>\$ 161,747</u>	<u>\$ 1,025</u>

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Business-type Activities Enterprise Funds		Governmental Activities
	Food Service	Childcare	Internal Service Fund
	<u>Food Service</u>	<u>Childcare</u>	<u>Service Fund</u>
Operating revenues:			
Charges for services			
Daily sales - reimbursable programs	\$ 23,310		
Daily sales - non-reimbursable programs	17,882		
Tuition		\$ 64,217	
Special functions	1,354		
Services provided to other governmental entities			\$ 6,099
Total operating revenues	<u>42,546</u>	<u>64,217</u>	<u>6,099</u>
Operating expenses:			
Salaries	42,330	15,519	3,187
Employee benefits	8,096		244
Other purchased services	16,155		45
Supplies and materials	2,799	1,920	2,623
Cost of sales - reimbursable	33,552		
Cost of sales - reimbursable	5,425		
Depreciation	959		
Total operating expenses	<u>109,316</u>	<u>17,439</u>	<u>6,099</u>
Operating income (loss)	<u>(66,770)</u>	<u>46,778</u>	
Non-operating revenues (expenses):			
Interest earned	329		
State sources:			
State school lunch program	1,186		
Federal sources:			
School breakfast program	8,600		
National school lunch program	48,138		
School milk program	471		
Food distribution program	9,272		
Total non-operating revenues (expenses)	<u>67,996</u>		
Change in net position	1,226	46,778	
Total net position - beginning	138,016	114,969	1,025
Total net position - ending	<u>\$ 139,242</u>	<u>\$ 161,747</u>	<u>\$ 1,025</u>

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

	Business-type Activities Enterprise Funds		Governmental Activities
	Food Service	Childcare	Internal Service Fund
	<u>Food Service</u>	<u>Childcare</u>	<u>Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 44,094	\$ 64,217	\$ 4,999
Payments to employees	(42,330)	(14,893)	(6,247)
Payments for employee benefits	(8,096)		
Payments to suppliers	(7,966)	(1,985)	
Net cash provided by (used for) operating activities	<u>(14,298)</u>	<u>47,339</u>	<u>(1,248)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Due from general fund	15,097		
Federal and state reimbursements	43,298		
Net cash provided by (used for) non-capital financing activities	<u>58,395</u>		
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest earned	329		
Net cash provided by investing activities	<u>329</u>		
Net increase (decrease) in cash and cash equivalents	44,426	47,339	(1,248)
Balances - beginning of year	70,535	118,176	1,248
Balances - end of year	<u>\$ 114,961</u>	<u>\$ 165,515</u>	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (66,770)	\$ 46,778	
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	959		
Food distribution program	9,272		
(Increase) decrease in other receivables	40,635		\$ (1,100)
(Increase) decrease in inventory	808		
Increase (decrease) in deferred revenue	(99)		
Increase (decrease) in deposits payable	897		
Increase (decrease) in accounts payable		100	(223)
Increase (decrease) in interfund payable		461	75
Net cash provided by (used for) operating activities	<u>\$ (14,298)</u>	<u>\$ 47,339</u>	<u>\$ (1,248)</u>

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Unemployment Compensation Trust	Scholarship Fund	Agency Fund
ASSETS			
Cash and cash equivalents	\$ 9,418	\$ 1,187	\$ 13,648
Total assets	<u>\$ 9,418</u>	<u>\$ 1,187</u>	<u>\$ 13,648</u>
LIABILITIES			
Payroll deductions and withholdings			\$ 794
Due to student groups			12,854
Total liabilities			<u>\$ 13,648</u>
NET POSITION			
Held in trust for unemployment claims	<u>\$ 9,418</u>		
Nonexpendable trust		<u>\$ 1,187</u>	

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2017

	Unemployment Compensation Trust	Scholarship Fund
ADDITIONS:		
Contributions:		
Plan member	\$ 6,438	
Total contributions	6,438	
Investment earnings:		
Interest	22	\$ 3
Total additions	6,460	3
DEDUCTIONS:		
Unemployment claims	3,947	
Total deductions	3,947	
Change in net position	2,513	3
Net position - beginning of year	6,905	1,184
Net position - end of year	\$ 9,418	\$ 1,187

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

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

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

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

A. Reporting Entity

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

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

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

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

B. Basic Financial Statements – District-Wide Statements

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

C. Basic Financial Statements - Fund Financial Statements

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

The District reports the following governmental funds:

GOVERNMENTAL FUNDS

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

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

PROPRIETARY FUNDS

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

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

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

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FIDUCIARY FUNDS

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

The emphasis in fund financial statements is on the major funds in either the Governmental or Business-type Activities categories. Non-major funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

The District reports the following Fiduciary Funds:

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

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

D. Basis of Accounting

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

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

The Governmental Funds financial statements are reported on the modified accrual basis of accounting. Under this method, revenues are recorded when they become both susceptible to accrual; i.e. both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenue from federal, state, or other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

recorded as deferred revenues until earned. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, claims and judgments, and compensated absences, are recorded when due.

E. Budgets/Budgetary Control

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

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The Capital Projects Fund presents the remaining project appropriations compared to current year expenditures.

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

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

F. Encumbrance Accounting

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Encumbrance Accounting (Continued)

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

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

G. Cash and Cash Equivalents

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

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

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

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

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

H. Tuition Receivable

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

I. Inventories

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Interfund Receivables/Payables

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

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

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

K. Capital Assets

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

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

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

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

L. Accrued Salaries and Wages

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. 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 in the period in which such services are rendered or in which such events take place. In Governmental Funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as expenditures and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absence liability is reported in the District-wide Financial Statements as a Governmental Activity.

In Proprietary and similar Trust Funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

N. Deferred Revenue

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

O. Accrued Liabilities and Long-Term Obligations

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

P. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Q. Fund Balance

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Balance (Continued)

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

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

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

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

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

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

R. Revenues

Substantially all Governmental Fund revenue is accrued. Property taxes are susceptible to accrual and under New Jersey State statute a municipality is required to remit to its School District the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Revenues (Continued)

to be an “accounts receivable.” Subsidies and grants to Proprietary Funds, which finance either capital or current operations, are reported as non-operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements, including requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

S. Expenditures

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

T. Allocation of Indirect Expenses

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

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

V. Use of Estimates

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

W. Recent Accounting Pronouncements Not Yet Effective

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

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Recent Accounting Pronouncements Not Yet Effective (Continued)

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, "Certain Asset Retirement Obligations." This statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the District's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities." This statement, which is effective for fiscal periods beginning after December 31, 2018, will not have any effect on the District's financial reporting.

In March 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 85, "Omnibus 2017." This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the District's financial reporting.

In May 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 86, "Certain Debt Extinguishment Issues." This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the District's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, "Leases." This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the District's financial reporting.

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits

Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the New Jersey Governmental Unit Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes NJSA 18A:20-37 that are treated as cash equivalents. The carrying amount of the District's cash and cash equivalents at June 30, 2017 and 2016, was \$1,074,360 and \$1,393,336. As of June 30, 2017 and 2016, \$0 of the District's bank balance of \$1,239,569 and \$1,710,381, respectively, was exposed to Custodial Credit Risk.

NOTE 3: INVESTMENTS

As of June 30, 2017 and 2016, the District did not have any investments.

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

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

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 3: INVESTMENTS (CONTINUED)

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

NOTE 4: RECEIVABLES

Receivables at June 30, 2017, (see Exhibit B-1 and B-4) consisted of intergovernmental and property taxes receivable. All receivables are considered collectible in full. A summary of the principal items of the intergovernmental receivables are as follows:

	Governmental Activities	Business-type Activities
State aid	\$ 268,829	\$ 60
Other	134,285	232
Federal aid	129,146	2,989
	<u>\$ 532,260</u>	<u>\$ 3,281</u>

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

The following Interfund balances remain on the balance sheet at June 30, 2017:

	Interfund	
	Receivable	Payable
General Fund	\$ 120,123	\$ 12,048
Special Revenue Fund		115,942
Capital Projects Fund		21
Food Service Fund	11,565	
Internal Service Fund		75
Childcare Fund		3,602
Total	<u>\$ 131,688</u>	<u>\$ 131,688</u>

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

NOTE 6: INVENTORY

Inventory in the Food Service Fund at June 30, 2017, consisted of the following:

Food	\$ 1,201
Commodities	1,553
Supplies	681
	<u>\$ 3,435</u>

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6: INVENTORY (CONTINUED)

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

NOTE 7: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017
Governmental activities:				
Capital assets not being depreciated:				
Sites (land)	\$ 45,404			\$ 45,404
Total capital assets not being depreciated	<u>45,404</u>			<u>45,404</u>
Assets that are being depreciated:				
Site improvements	377,719	\$ 14,507		392,226
Building & building improvements	5,798,497			5,798,497
Construction in progress		351,330		351,330
Vehicles	387,980			387,980
Machinery & equipment	557,306			557,306
Totals at historical cost	<u>7,121,502</u>	<u>365,837</u>		<u>7,487,339</u>
Less: accumulated depreciation				
Site improvements	155,621	18,543		174,164
Building & building improvements	3,013,785	153,409		3,167,194
Vehicles	345,004	5,417		350,421
Machinery & equipment	490,653	20,029		510,682
Total accumulated depreciation	<u>4,005,063</u>	<u>197,398</u>		<u>4,202,461</u>
Governmental activities capital assets, net	<u>\$ 3,161,843</u>	<u>\$ 168,439</u>		<u>\$ 3,330,282</u>
Business-type activities:				
Machinery & equipment	\$ 52,782			\$ 52,782
Less: accumulated depreciation	41,972	\$ 959		42,931
Business-type capital assets, net	<u>\$ 10,810</u>	<u>\$ (959)</u>		<u>\$ 9,851</u>

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

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 8: GENERAL LONG-TERM DEBT

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

Permanently funded debt as of June 30, 2017, consisted of the following:

A. Bonds Payable

The Board sold General Obligation Bonds on June 26, 2008, with an issue date of July 15, 2008, in the amount of \$1,750,000. The bonds have an interest rate ranging from 4.25% to 4.375% and mature from 2018 to 2023. The remaining balance at June 30, 2017, was \$935,000.

B. Long-Term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2017, are as follows:

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017	Due in One year
Compensated absences					
Governmental	\$ 132,184	\$ 16,630	\$ 6,323	\$ 142,491	
Bonds payable	1,065,000		130,000	935,000	\$ 130,000
Capital leases		169,539	46,434	123,105	
	<u>\$ 1,197,184</u>	<u>\$ 186,169</u>	<u>\$ 182,757</u>	<u>\$ 1,200,596</u>	<u>\$ 130,000</u>

C. Bonds Payable

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

Year Ended June 30,	Principal	Interest	Total
2018	\$ 130,000	\$ 37,156	\$ 167,156
2019	130,000	31,631	161,631
2020	130,000	26,106	156,106
2021	130,000	20,581	150,581
2022	130,000	15,056	145,056
2023-2024	285,000	37,491	322,491
	<u>\$ 935,000</u>	<u>\$ 168,021</u>	<u>\$ 1,103,021</u>

D. Bonds Authorized but Not Issued

As of June 30, 2017, the Board had no bonds authorized but not issued.

E. Other

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8: GENERAL LONG-TERM DEBT (CONTINUED)

E. Other (Continued)

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

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

For the year ended June 30, 2017, it is not necessary for the Board to establish a liability for arbitrage rebate.

NOTE 9: PENSION PLANS

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

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

Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

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

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 9: PENSION FUNDS (CONTINUED)

Funding Policy - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for 7.20% of employees' annual compensation, as defined. Subsequent increases will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for, cost-of-living adjustments, non-contributory death benefits, and post-retirement medical premiums.

The District's contributions to PERS for the years ending June 30, 2017, 2016, and 2015, were \$57,057, \$34,631, and \$36,160, respectively, equal to the required contributions for each year.

During the fiscal year ended June 30, 2017, the State of New Jersey contributed \$431,263 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the District \$172,346 during the year ended June 30, 2017, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

The District's total payroll for the years ended June 30, 2017, 2016, and 2015, were \$2,936,902, \$2,735,881, and \$2,726,802, respectively. Covered payroll was \$358,454, \$386,080, and \$379,591 for PERS and \$2,265,212, \$2,166,663, and \$2,114,426 for TPAF, for the same years.

For the year ended June 30, 2017, the District recognized pension expense of \$202,818. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,805	
Changes of assumptions	369,433	
Net difference between projected and actual earnings on pension plan investments	88,402	
Changes in proportion and differences between District contributions and proportionate share of contributions	321,927	
Employer contributions subsequent to the measurement date	57,057	
	\$ 867,624	None

\$57,057 reported as deferred outflows of resources related to pensions, resulting from School District contributions subsequent to the measurement date (i.e. for the school year ending

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 9: PENSION FUNDS (CONTINUED)

Funding Policy (Continued)

June 30, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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 Ended June 30,	Amount
2018	\$ 174,280
2019	174,280
2020	186,515
2021	183,882
2022	91,610
	<u>\$ 810,567</u>

Additional information – Collective balances at June 30, 2015 and 2016, are as follows:

	June 30, 2015	June 30, 2016
Collective deferred outflows of resources	\$ 3,578,755,666	\$ 8,685,338,380
Collective deferred inflows of resources	993,410,455	870,133,595
Collective net pension liability	<u>22,447,996,119</u>	<u>29,617,131,759</u>
District's proportion	0.4028116700%	0.6422548100%

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contributes amounts for each pay period to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District's contributions for the years ending June 30, 2017, 2016, and 2015, were \$333, \$328, and \$94 for covered employees.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10: POST RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of 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, 2016, there were 110,512 retirees eligible for post-retirement medical benefits and the State contributed \$1.37 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

NOTE 11: DEFERRED COMPENSATION

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrator is Lincoln Investment Planning, Inc.

NOTE 12: COMPENSATED ABSENCES

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

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

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 12: COMPENSATED ABSENCES (CONTINUED)

For the District-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components - the amount due within one year and the amount due in more than one year. The liability for compensated absences in the Governmental Fund at June 30, 2017, is \$142,491.

NOTE 13: RISK MANAGEMENT

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

Property and Liability Insurance

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

New Jersey Unemployment Compensation Insurance

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

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2016-2017		\$ 6,438	\$ 3,947	\$ 9,418
2015-2016	\$ 10,000	7,702	17,400	6,905
2014-2015		5,784	11,011	6,593

NOTE 14: CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a District may increase the balance in the capital reserve by appropriating funds in the annual General Fund budget certified for taxes or by transfer by board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A District may also appropriate additional amounts when the express approval of the voters has been obtained

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14: CAPITAL RESERVE ACCOUNT (CONTINUED)

either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to NJSA 19:60-2. Pursuant to NJAC 6A-23-2.13(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2016 to June 30, 2017, fiscal year is as follows:

Beginning balance, July 1, 2016	\$ 274,568
Interest earnings	300
Deposit	400,000
Approved withdrawal	200,000
Ending balance, June 30, 2017	<u>\$ 474,868</u>

The June 30, 2017, LRFP balance of local support costs of uncompleted capital projects is \$378,180.

NOTE 15: ECONOMIC DEPENDENCY

The District is heavily reliant on state aid and local tax levy to fund the District operations. State sources funded approximately 46% and taxes fund 50% of the District's 2016-2017 governmental operations, excluding capital projects.

NOTE 16: FUND BALANCE APPROPRIATED

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

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

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

Specific classifications of fund balance are summarized below:

RESTRICTED FUND BALANCE

Non-Spendable Fund Balance - The District had no non-spendable fund balance at June 30, 2017.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 16: FUND BALANCE APPROPRIATED (CONTINUED)

Capital Reserve Account - Of the \$474,868 balance in the capital reserve account at June 30, 2017, \$0 has been designated for utilization in the 2017-2018 budget. These funds are restricted for future capital outlay expenditures for projects in the School District's long range facilities plan.

Maintenance Reserve Account - The District had no maintenance reserve account at June 30, 2017.

Excess Surplus - At June 30, 2017, there was excess surplus in the amount of \$612,770 (\$458,566 of the total restricted amount has been appropriated and included as anticipated revenue for the year ending June 30, 2018).

Debt Service Fund - At June 30, 2017, there was \$5 fund balance.

Capital Projects Fund - At June 30, 2017, there was \$3,380 fund balance.

Committed Fund Balance - The District had no committed fund balance at June 30, 2017.

Assigned Fund Balance - At June 30, 2017, the District has assigned \$4,607 of General Fund balance to expenditures in the 2017-2018 budget; \$126,105 was assigned for other purposes as of the year-end. This represents encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by District officials.

Unassigned Fund Balance - At June 30, 2017, the District has \$7,438 of unassigned fund balance in the General Fund.

Special Revenue Fund - As of June 30, 2017, the fund balance was a deficit of \$5,409, thus resulting in the fund balance classification of unassigned.

NOTE 17: CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey School Districts are required to reserve General Fund, fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017, is \$612,770.

NOTE 18: DEFICIT IN FUND BALANCE

The District has a deficit fund balance of \$5,409 in the Special Revenue Fund, as of June 30, 2017, as reported in the fund statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The law provides legal authority for districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes the asset, the other government recognizes the

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 18: DEFICIT IN FUND BALANCE (CONTINUED)

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

NOTE 19: CONTINGENT LIABILITIES

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

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

NOTE 20: TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because NJSA 54:4-75 and NJSA 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district Board of Education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at NJSA 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The Township of Elk did not have any tax abatements for the year end December 31, 2016.

NOTE 21: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2017 and November 30, 2017, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

Required Supplementary Information – Part II

BUDGETARY COMPARISON SCHEDULES

ELK TOWNSHIP BOARD OF EDUCATION
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 2,819,022		\$ 2,819,022	\$ 2,819,022	
Tuition	30,000		30,000	93,687	\$ 63,687
Interest on investments	3,999		3,999	3,920	(79)
Interest earned on capital reserve funds	300		300	300	
Miscellaneous	5,000		5,000	153,624	148,624
Total - local sources	2,858,321		2,858,321	3,070,553	212,232
State Sources:					
Categorical transportation aid	157,280		157,280	157,280	
Extraordinary aid	25,000		25,000	22,894	(2,106)
Categorical special education aid	195,091		195,091	195,091	
Equalization aid	2,013,576		2,013,576	2,013,576	
Adjustment aid	38,757		38,757	38,757	
School choice aid	86,628		86,628	86,628	
Categorical security aid	66,201		66,201	66,201	
Under adequacy aid	5,178		5,178	5,178	
PARCC readiness aid	3,320		3,320	3,320	
Per pupil growth aid	3,320		3,320	3,320	
Professional Learning Community Aid	3,010		3,010	3,010	
Reimbursed non-public school transportation costs				3,132	3,132
TPAF - post retirement medical (on-behalf non-budgeted)				196,015	196,015
Teachers' pension & annuity fund (on-behalf non-budgeted)				235,248	235,248
TPAF - long-term disability (on-behalf non-budgeted)				479	479
Reimbursed TPAF social security contributions (non-budgeted)				172,346	172,346
Total - state sources	2,597,361		2,597,361	3,202,475	605,114
Federal sources:					
Medical assistance program	1,800		1,800	12,608	10,808
ARRA-Medical assistance program				1,063	1,063
Total - federal sources	1,800		1,800	13,671	11,871
Total revenues	\$ 5,457,482		\$ 5,457,482	\$ 6,286,699	\$ 829,217

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current expense:					
Regular programs - instruction					
Preschool - salaries of teachers	\$ 57,583	\$ (4,329)	\$ 53,254	\$ 51,757	\$ 1,497
Kindergarten - salaries of teachers	155,749	72,362	228,111	228,111	
Grades 1-5 - salaries of teachers	1,175,829	(143,849)	1,031,980	1,014,035	17,945
Grades 6-8 - salaries of teachers	182,020	39,316	221,336	221,331	5
Regular programs - home instruction					
Salaries of teachers	1,000		1,000		1,000
Purchased professional - educational services	1,000		1,000		1,000
Regular programs - undistributed instruction					
Purchased professional - educational services	168,599	(2,000)	166,599	165,027	1,572
Rentals	49,874		49,874	47,925	1,949
Other purchased services	28,950	(10,000)	18,950	16,864	2,086
General supplies	28,197	28,500	56,697	53,314	3,383
Total regular programs - instruction	1,848,801	(20,000)	1,828,801	1,798,364	30,437
Special education instruction:					
Multiple disabilities					
Salaries of teachers	88,890	(45,100)	43,790	42,000	1,790
Purchased professional - educational services	62,997	(23,237)	39,760	30,651	9,109
Total multiple disabilities	151,887	(68,337)	83,550	72,651	10,899
Resource room/resource center					
Salaries of teachers	107,507	45,100	152,607	152,596	11
Purchased professional - educational services	41,319		41,319	40,935	384
Rentals	419		419	419	
General supplies	785		785		785
Total resource room/resource center	150,030	45,100	195,130	193,950	1,180
Preschool disabilities - part time					
Salaries of teachers	30,864		30,864	30,864	
Purchased professional - educational services	20,016		20,016	18,957	1,059
Rentals	419		419	419	
General supplies	150		150		150
Total preschool disabilities - part time	51,449		51,449	50,240	1,209
Home instruction					
Purchased professional - educational services	1,000		1,000		1,000
Total home instruction	1,000		1,000		1,000
Total special education - instruction	354,366	(23,237)	331,129	316,841	14,288
Basic skills/remedial - instruction					
Salaries of teachers	117,212		117,212	117,212	
Purchased professional - educational services	2,915		2,915		2,915
Rentals	419		419	419	
General supplies	1,000		1,000		1,000
Total basic skills/remedial - instruction	121,546		121,546	117,631	3,915
School-spon. curricular activities - instruction					
Salaries	4,500		4,500	3,750	750
General supplies	500		500		500
Total school-spon. curricular activities - instruction	5,000		5,000	3,750	1,250

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Before/after school programs - instruction					
Salaries of teachers	4,000	(3,000)	1,000		1,000
	<u>4,000</u>	<u>(3,000)</u>	<u>1,000</u>		<u>1,000</u>
Summer school - instruction:					
Salaries of teachers	24,000		24,000	19,407	4,593
Other salaries for instruction	4,800		4,800	2,120	2,680
General supplies	2,500		2,500	2,024	476
Total summer school - instruction	<u>31,300</u>		<u>31,300</u>	<u>23,551</u>	<u>7,749</u>
Total instructions	<u>2,365,013</u>	<u>(46,237)</u>	<u>2,318,776</u>	<u>2,260,137</u>	<u>58,639</u>
Undistributed expenditures - instruction					
Tuition to other LEA's within the state - regular	15,000	(15,000)			
Tuition to CSSD & regional day schools	75,600	44,091	119,691	118,859	832
Tuition to private schools for the disabled - within state	60,781	20,520	81,301	34,056	47,245
Tuition to state facilities		32,306	32,306	32,306	
Total undistributed expenditures - instruction	<u>151,381</u>	<u>81,917</u>	<u>233,298</u>	<u>185,221</u>	<u>48,077</u>
Undistributed expenditures - attendance and social work					
Salaries	11,866	(11,866)			
Salaries - Secretarial/Clerical		11,970	11,970	11,970	
Purchased professional - technical services	4,088	(104)	3,984	1,629	2,355
Total undistributed expenditures - attendance and social work	<u>15,954</u>		<u>15,954</u>	<u>13,599</u>	<u>2,355</u>
Undistributed expenditures - health services					
Salaries	79,582	3,250	82,832	81,404	1,428
Purchased professional - technical services	4,100		4,100	3,971	129
Rentals	105		105	105	
Other purchased services	1,000	(500)	500	172	328
Supplies and materials	4,000	(2,750)	1,250		1,250
Total undistributed expenditures - health services	<u>88,787</u>		<u>88,787</u>	<u>85,652</u>	<u>3,135</u>
Undist. expend. - speech, OT, PT & related services:					
Purchased professional - educational services	55,088	40,520	95,608	95,603	5
Supplies and materials	500		500	310	190
Other transportation	105		105	105	
Total undist. expend. - speech, OT, PT & related serv.	<u>55,693</u>	<u>40,520</u>	<u>96,213</u>	<u>96,018</u>	<u>195</u>
Undist. expend. - other supp. serv. students - extra. serv.					
Purchased professional - educational services	15,000	3,162	18,162	18,162	
Supplies and materials	5,000	(4,745)	255		255
Total undist. expend. - other supp. serv. students - extra serv.	<u>20,000</u>	<u>(1,583)</u>	<u>18,417</u>	<u>18,162</u>	<u>255</u>
Undist. expend. - guidance					
Purchased professional - technical services	1,500		1,500	1,500	
Total undist. expend. - guidance	<u>1,500</u>		<u>1,500</u>	<u>1,500</u>	

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. expend. - child study teams					
Salaries of other professional staff	120,910	(9,276)	111,634	104,471	7,163
Salaries of secretarial and clerical assistants	49,063	431	49,494	49,494	
Purchased professional - educational services	7,000	1,745	8,745	8,745	
Purchased professional - technical services	12,500		12,500	12,500	
Miscellaneous purchased services	8,138	(657)	7,481	7,299	182
Supplies and materials	2,000	133	2,133	2,133	
Miscellaneous expenditures	500	124	624	232	392
Total undist. expend. - child study teams	<u>200,111</u>	<u>(7,500)</u>	<u>192,611</u>	<u>184,874</u>	<u>7,737</u>
Undist. expend. - improv. of inst. services					
Salaries of supervisors of instruction	32,475	12,656	45,131	15,131	30,000
Salaries of other professional staff	29,750	(17,931)	11,819	11,639	180
Salaries of secretarial and clerical assistants	20,811	7,575	28,386	28,386	
Purchased professional - educational services	46,250	(17,300)	28,950	12,500	16,450
Rentals	209		209	209	
Other purchased services	749	500	1,249	862	387
Total undist. expend. - improv. of inst. services	<u>130,244</u>	<u>(14,500)</u>	<u>115,744</u>	<u>68,727</u>	<u>47,017</u>
Undist. expend. - edu. media serv./sch. library					
Salaries	83,292		83,292	78,694	4,598
Rentals	209		209	209	
Other purchased services	8,086		8,086	7,607	479
Total undist. expend. - edu. media serv./sch. library	<u>91,587</u>		<u>91,587</u>	<u>86,510</u>	<u>5,077</u>
Undist. expend. - instructional staff training					
Other salaries		200	200		200
Other purchased services	5,000	(600)	4,400	1,049	3,351
Supplies and material		100	100	90	10
Total undist. expend. - instructional staff training	<u>5,000</u>	<u>(300)</u>	<u>4,700</u>	<u>1,139</u>	<u>3,561</u>
Undist. expend. - supp. serv. - general administration					
Salaries	11,419	(1,873)	9,546		9,546
Other salaries		2,000	2,000	2,000	
Legal services	11,462		11,462	10,519	943
Audit fees	13,000		13,000	11,950	1,050
Architectural/engineering services	3,000		3,000	1,488	1,512
Other purchased professional services	45,000		45,000	45,000	
Purchased technical services	8,000		8,000	3,295	4,705
Rentals	209		209	209	
Communications/telephone	9,700		9,700		9,700
BOE other purchased services	700		700	238	462
Other purchased services	13,000		13,000	10,811	2,189
General supplies	500	(169)	331	256	75
BOE in-house training/meeting supplies	200		200		200
Miscellaneous expenditures	1,000	9	1,009	1,008	1
BOE membership dues and fees	6,000	(167)	5,833	4,699	1,134
Total undist. expend. - supp. serv. - general administration	<u>123,190</u>	<u>(200)</u>	<u>122,990</u>	<u>91,473</u>	<u>31,517</u>

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. expend. - supp. serv. - school administration					
Salaries of principals/assistant principals	73,101	3,995	77,096	77,096	
Salaries of secretarial and clerical assistants	35,597	10,131	45,728	45,728	
Purchased professional - technical services	10,360	(4,530)	5,830	5,337	493
Rentals	2,966	(2,652)	314	314	
Other purchased services	7,300	(7,179)	121	100	21
Supplies and materials	204		204	204	
Other objects	1,700	235	1,935	1,903	32
Total undist. expend. - supp. serv. - school administration	131,228		131,228	130,682	546
Undist. expend. - central services					
Salaries	40,711		40,711	39,277	1,434
Purchased professional services	46,900		46,900	46,500	400
Purchased technical services	18,200		18,200	17,745	455
Miscellaneous purchased services	12,706		12,706	8,629	4,077
Supplies and materials	2,000	300	2,300	2,276	24
Interest on lease purchase agreements	6,489	(300)	6,189	4,121	2,068
Miscellaneous expenditures	100		100	25	75
Total undist. expend. - central services	127,106		127,106	118,573	8,533
Undist. expend. - admin. info. tech.					
Purchased technical services	25,000		25,000	24,800	200
Other purchased services	14,200		14,200	12,767	1,433
Supplies and materials	10,442		10,442	10,426	16
Total undist. expend. - admin. info. tech.	49,642		49,642	47,993	1,649
Undist. expend. - required maintenance for school facilities					
Cleaning, repair, and maintenance services	78,016	3,000	81,016	60,051	20,965
General supplies	9,300	(3,000)	6,300	5,506	794
Total undist. expend. - required maintenance for school facilities	87,316		87,316	65,557	21,759
Undist. expend. - custodial services					
Salaries	178,143	(177,543)	600	580	20
Other salaries		170,043	170,043	152,575	17,468
Purchased professional - technical services	10,000		10,000	6,359	3,641
Cleaning, repair, and maintenance services	47,885	7,500	55,385	24,831	30,554
Other purchased property	1,000		1,000		1,000
Insurance	20,000		20,000	16,384	3,616
Miscellaneous purchased services	24,486		24,486	3,079	21,407
General supplies	20,000	(2,000)	18,000	6,938	11,062
Energy (electricity)	65,000	(10,000)	55,000	51,774	3,226
Energy (oil)	45,000	(21,900)	23,100	17,047	6,053
Other expenditures	2,200	2,000	4,200	3,481	719
Total undist. expend. - custodial services	413,714	(31,900)	381,814	283,048	98,766

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. expend. - care and upkeep of grounds					
Cleaning, repair and maintenance services	8,000		8,000	4,000	4,000
General supplies	3,000		3,000		3,000
Total undist. expend. - care and upkeep of grounds	<u>11,000</u>		<u>11,000</u>	<u>4,000</u>	<u>7,000</u>
Total undist. expend. - oper. & maint. of plant services	<u>512,030</u>	<u>(31,900)</u>	<u>480,130</u>	<u>352,605</u>	<u>127,525</u>
Undist. expend. - student transportation services					
Contract services - aid in lieu of payments	20,000		20,000	10,166	9,834
Contract services (other than bet. home & school) vendors	2,000	160	2,160	2,157	3
Contract services (bet. home & sch) joint agrmnts	280,000	121,750	401,750	401,504	246
Contract services (spec. ed. students) joint agrmnts	223,000	(186,827)	36,173	29,888	6,285
Total undist. expend. - student transportation services:	<u>525,000</u>	<u>(64,917)</u>	<u>460,083</u>	<u>443,715</u>	<u>16,368</u>
Unallocated benefits - employee benefits					
Social security contributions	42,203	(3,200)	39,003	35,864	3,139
Other retirement contributions - PERS	51,000	10,000	61,000	59,315	1,685
Unemployment compensation	40,000	(40,000)			
Workmen's compensation	30,000		30,000	29,730	270
Health benefits	780,375	49,200	829,575	828,914	661
Tuition reimbursement	10,000	(3,500)	6,500		6,500
Other employee benefits	6,000	3,500	9,500	8,305	1,195
Total unallocated benefits - employee benefits	<u>959,578</u>	<u>16,000</u>	<u>975,578</u>	<u>962,128</u>	<u>13,450</u>
On-behalf contributions:					
On-behalf TPAF pensions contributions (non-budgeted)				235,248	(235,248)
On-behalf TPAF long-term disability (non-budgeted)				479	(479)
On-behalf TPAF OPEB (post retire. medical) contrib. (non-budgeted)				196,015	(196,015)
Reimbursed TPAF social security contributions (non-budgeted)				172,346	(172,346)
Total on-behalf contributions				<u>604,088</u>	<u>(604,088)</u>
Total personal services - employee benefits	<u>959,578</u>	<u>16,000</u>	<u>975,578</u>	<u>1,566,216</u>	<u>(590,638)</u>
Total undistributed expenditures	<u>3,188,031</u>	<u>17,537</u>	<u>3,205,568</u>	<u>3,492,659</u>	<u>(287,091)</u>
Total general current expense	<u>5,553,044</u>	<u>(28,700)</u>	<u>5,524,344</u>	<u>5,752,796</u>	<u>(228,452)</u>
Equipment					
Educational media					
Equipment		8,000	8,000	7,878	122
Operations/maintenance plant					
Equipment	300	10,700	11,000		11,000
Total equipment	<u>300</u>	<u>18,700</u>	<u>19,000</u>	<u>7,878</u>	<u>11,122</u>
Facilities acquisition and construction					
Other professional/technical services		10,000	10,000	8,019	1,981
Construction services	415,438		415,438	377,575	37,863
Debt service assessment	3,130		3,130	3,130	
Total facilities acquisition and construction	<u>418,568</u>	<u>10,000</u>	<u>428,568</u>	<u>388,724</u>	<u>39,844</u>
Total capital outlay	<u>418,868</u>	<u>28,700</u>	<u>447,568</u>	<u>396,602</u>	<u>50,966</u>

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Assets acquired under capital lease:					
Assets acquired under capital lease (non-budgeted):					
Undistributed expenditures:					
Support services - student regular				169,539	(169,539)
Total assets acquired under capital lease				<u>169,539</u>	<u>(169,539)</u>
Total expenditures	<u>5,971,912</u>		<u>5,971,912</u>	<u>6,318,937</u>	<u>(347,025)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(514,430)</u>		<u>(514,430)</u>	<u>(32,238)</u>	<u>1,176,242</u>
Other financing sources (uses):					
Operating transfer out					
Capital leases (non-budgeted)				169,539	169,539
Transfer to food service fund - board contribution	(32,000)		(32,000)		32,000
Transfer in from capital projects				10	10
Total other financing sources	<u>(32,000)</u>		<u>(32,000)</u>	<u>169,549</u>	<u>201,549</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	<u>(546,430)</u>		<u>(546,430)</u>	<u>137,311</u>	<u>1,377,791</u>
Fund balance, July 1	<u>1,334,171</u>		<u>1,334,171</u>	<u>1,334,171</u>	
Fund balance, June 30	<u>\$ 787,741</u>		<u>\$ 787,741</u>	<u>\$ 1,471,482</u>	<u>\$ 1,377,791</u>
Recapitulation:					
Restricted Fund Balance:					
Capital reserve				\$ 474,868	
Excess surplus - designated for subsequent year's expenditures				458,566	
Excess surplus - current year				154,204	
Assigned Fund Balance:					
Year-end encumbrances				126,105	
Designated for subsequent year's expenditures				3,544	
ARRA- SEMI Designated for subsequent year's expenditures				1,063	
Unassigned Fund Balance				<u>253,132</u>	
				1,471,482	
Reconciliation to governmental fund statements (GAAP):					
Last state aid payment not recognized on GAAP Basis				<u>(245,694)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 1,225,788</u>	

ELK TOWNSHIP BOARD OF EDUCATION
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 244,222		\$ 244,222	\$ 244,160	\$ 62
State sources	54,093		54,093	54,093	
Local sources	2,500		2,500	2,048	452.00
Total revenues	<u>\$ 300,815</u>		<u>\$ 300,815</u>	<u>\$ 300,301</u>	<u>\$ 514</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ 164,598	\$ (94,963)	\$ 69,635	\$ 69,635	
Other salaries for instruction	5,000	(5,000)			
Purchased professional - educational services		5,000	5,000	5,000	
Other purchased services	99,262		99,262	99,262	
Supplies and materials	7,000	(2,480)	4,520	4,520	
Other objects		337	337	337	
Total instruction	<u>275,860</u>	<u>(97,106)</u>	<u>178,754</u>	<u>178,754</u>	
Support services:					
Salaries	6,657	18,729	25,386	25,329	\$ 57
Salaries of teachers					
Personal services - employee benefits	6,205	1,433	7,638	7,633	5
Purchased professional - educational services		8,100	8,100	8,100	
Purchased professional - technical services	4,265	68,844	73,109	73,109	
Other purchased services	5,328		5,328	5,328	
Supplies and materials	2,500		2,500	2,048	452
Total support services	<u>24,955</u>	<u>97,106</u>	<u>122,061</u>	<u>121,547</u>	<u>514</u>
Total expenditures	<u>\$ 300,815</u>		<u>\$ 300,815</u>	<u>\$ 300,301</u>	<u>\$ 514</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

ELK TOWNSHIP BOARD OF EDUCATION
 Required Supplementary Information
 Budget-to-GAAP Reconciliation
 Note to RSI
 For the Fiscal Year Ended June 30, 2017

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

	General Fund	Special Revenue Fund
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	\$ 6,286,699	\$ 300,301
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(5,694)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	249,361	4,177
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the following year.	(245,694)	(5,409)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - Governmental Funds.	\$ 6,290,366	\$ 293,375
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 6,318,937	\$ 300,301
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(5,694)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - Governmental Funds.	\$ 6,318,937	\$ 294,607

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

	Fiscal Year Ended		
	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability (asset)	0.0064225481%	0.0040281167%	0.0043862970%
District's proportionate share of the net pension liability (asset)	\$ 1,902,175	\$ 904,231	\$ 821,235
District's covered-employee payroll	386,080	379,591	281,230
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	492.69%	238.21%	292.02%
Plan fiduciary net position as a percentage of the total pension liability	40.13%	47.93%	52.08%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014

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

	Fiscal Year Ended		
	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	\$ 57,057	\$ 34,631	\$ 36,160
Contributions in relation to the contractually required contribution	57,057	34,631	36,160
Contribution deficiency (excess)	None	None	None
District's covered-employee payroll	\$ 386,080	\$ 379,591	\$ 281,230
Contributions as a percentage of covered-employee payroll	14.78%	9.12%	12.86%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014

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

	June 30, 2017	Fiscal Year Ended June 30, 2016	June 30, 2015
District's proportion of the net pension liability (asset)	0.0225641260%	0.0214053210%	0.0221860914%
District's proportionate share of the net pension liability (asset)	\$ 17,750,378	\$ 13,529,077	\$ 11,857,744
District's covered-employee payroll	2,166,663	2,114,426	2,222,062
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	819.25%	639.85%	533.64%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014

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

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

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III

**ELK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017**

NOTE 1: CONTRIBUTIONS

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

NOTE 2: ACTUARIAL ASSUMPTIONS

The collective total pension liability for the June 30, 2016, measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015, measurement date was determined by an actuarial valuation as of July 1, 2015. This actuarial valuation used the following actuarial assumptions, applies to all periods in the measurement:

Inflation rate	3.08%
Salary increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment rate of return	7.65%

Pre-Retirement mortality rates were based on the RP-2000 Employee Pre-Retirement Mortality Table for male and female active participants. For state employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013, using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

ELK TOWNSHIP BOARD OF EDUCATION
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2017

	Total Brought Forward (Exhibit E-1a)	Title II Part A	JIF Safety	Title I Part A	Title I Part A Carryover	Total
REVENUES:						
Federal sources	\$ 128,263	\$ 13,934		\$ 93,863	\$ 8,100	\$ 244,160
State sources	54,093					54,093
Local sources			\$ 2,048			2,048
Total revenues	\$ 182,356	\$ 13,934	\$ 2,048	\$ 93,863	\$ 8,100	\$ 300,301
EXPENDITURES:						
Instruction:						
Salaries of teachers	\$ 69,635					\$ 69,635
Purchased professional - educational services	5,000					5,000
Other purchased services	99,262					99,262
General supplies				\$ 4,520		4,520
Miscellaneous				337		337
Total instruction	173,897			4,857		178,754
Support services:						
Salaries of teachers		\$ 6,600		18,729		25,329
Personal services - employees benefits	5,694	506		1,433		7,633
Purchased professional - educational services					\$ 8,100	8,100
Purchased professional - technical services	2,765	1,500		68,844		73,109
Other purchased services		5,328				5,328
Supplies and materials			\$ 2,048			2,048
Total support services	8,459	13,934	2,048	89,006	8,100	121,547
Total expenditures	\$ 182,356	\$ 13,934	\$ 2,048	\$ 93,863	\$ 8,100	\$ 300,301

ELK TOWNSHIP BOARD OF EDUCATION
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2017

	Rural Education Achievement Program C/O	IDEA Preschool	Rural Education Achievement Program	IDEA Basic	Preschool Education Aid (Exhibit E-2)	Total Carried Forward
REVENUES:						
Federal sources	\$ 1,647	\$ 2,765	\$ 24,589	\$ 99,262		\$ 128,263
State sources					\$ 54,093	54,093
Total revenues	\$ 1,647	\$ 2,765	\$ 24,589	\$ 99,262	\$ 54,093	\$ 182,356
EXPENDITURES:						
Instruction:						
Salaries of teachers	\$ 1,290		\$ 19,252		\$ 49,093	\$ 69,635
Purchased professional - educational services					5,000	5,000
Other purchased services				\$ 99,262		99,262
Total instruction	1,290		19,252	99,262	54,093	173,897
Support services:						
Personal services - employees benefits	357		5,337			5,694
Purchased professional - technical services		\$ 2,765				2,765
Total support services	357	2,765	5,337			8,459
Total expenditures	\$ 1,647	\$ 2,765	\$ 24,589	\$ 99,262	\$ 54,093	\$ 182,356

ELK TOWNSHIP BOARD OF EDUCATION
 Special Revenue Fund
 Preschool Education Aid Schedule of Expenditures -
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2017

	Budgeted	Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of teachers	\$ 49,093	\$ 49,093	
Purchased professional - education service	5,000	5,000	
Total instruction	54,093	54,093	
Total expenditures	\$ 54,093	\$ 54,093	

CALCULATION OF BUDGET & CARRYOVER

Total revised 2016-2017 Preschool Education Aid Allocation	\$ 54,093	
Add: Actual ECPA Carryover (June 30, 2016)	1	
Total Preschool Education Aid Funds Available for 2016-2017 Budget	54,094	
Less: 2016-2017 budgeted Preschool Education Aid (including prior year budgeted carryover)	(54,093)	
Available and unbudgeted Preschool Education Aid Funds as of June 30, 2017	1	
Add: June 30, 2017 Unexpended Preschool Education Aid	None	
2016-2017 Carryover - Preschool Education Aid	\$ 1	
2016-2017 Preschool Education Aid carryover budgeted for Preschool Program in 2017-2018	\$ 1	

CAPITAL PROJECTS FUND

ELK TOWNSHIP BOARD OF EDUCATION
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 For the Fiscal Year Ended June 30, 2017

Project Title/Issue	Approval Date	Revised Budgetary Appropriation	GAAP Expenditures to Date		Unexpended Appropriations June 30, 2017
			Prior Year	Current Year	
Aura Elementary School Renovations	6/26/08	\$ 1,750,578	\$ 1,747,198	None	\$ 3,380

ELK TOWNSHIP BOARD OF EDUCATION
 Capital Projects Fund
 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budgetary Basis
 For the Year Ended June 30, 2017

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

ELK TOWNSHIP BOARD OF EDUCATION
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Aura Elementary School Renovations
 From Inception and for the Year Ended June 30, 2017

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

PROPRIETARY FUNDS

ELK TOWNSHIP BOARD OF EDUCATION
Enterprise Funds
Combining Schedule of Net Position
For the Fiscal Year Ended June 30, 2017

	Food Service Fund	Childcare	Total FY 2017
ASSETS			
Cash and cash equivalents	\$ 114,961	\$ 165,515	\$ 280,476
Accounts receivable:			
Federal and state	3,049		3,049
Other receivables	232		232
Inventory	3,435		3,435
Interfund accounts receivable	11,565		11,565
Capital assets, net	9,851		9,851
Total assets	<u>143,093</u>	<u>165,515</u>	<u>308,608</u>
LIABILITIES			
Deferred revenue	1,553		1,553
Deposits payable	2,298		2,298
Accounts payable		166	166
Interfund payable		3,602	3,602
Total current liabilities	<u>3,851</u>	<u>3,768</u>	<u>7,619</u>
NET POSITION			
Investment in capital assets	9,851		9,851
Unrestricted	129,391	161,747	291,138
Total net position	<u>\$ 139,242</u>	<u>\$ 161,747</u>	<u>\$ 300,989</u>

ELK TOWNSHIP BOARD OF EDUCATION
Enterprise Funds
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2017

	Food Service Fund	Childcare	Total FY 2017
Operating Revenues:			
Charges for services			
Daily sales - reimbursable programs	\$ 23,310		\$ 23,310
Daily sales - non-reimbursable programs	17,882		17,882
Tuition		\$ 64,217	64,217
Special functions	1,354		1,354
Total operating revenue	<u>42,546</u>	<u>64,217</u>	<u>106,763</u>
Operating expenses:			
Salaries	42,330	15,519	57,849
Employee benefits	8,096		8,096
Other purchased services	16,155		16,155
Supplies and materials	2,799	1,920	4,719
Cost of sales - reimbursable	33,552		33,552
Cost of sales - non-reimbursable	5,425		5,425
Depreciation	959		959
Total operating expenses	<u>109,316</u>	<u>17,439</u>	<u>126,755</u>
Operating income (loss)	<u>(66,770)</u>	<u>46,778</u>	<u>(19,992)</u>
Non-operating revenues (expenses):			
Interest earned	329		329
State sources:			
State school lunch program	1,186		1,186
Federal sources:			
School breakfast program	8,600		8,600
National school lunch program	48,138		48,138
School milk program	471		471
Food distribution program commodities	9,272		9,272
Total non-operating revenues (expenses)	<u>67,996</u>		<u>67,996</u>
Change in net position	1,226	46,778	48,004
Total net position - beginning	138,016	114,969	252,985
Total net position - ending	<u>\$ 139,242</u>	<u>\$ 161,747</u>	<u>\$ 300,989</u>

ELK TOWNSHIP BOARD OF EDUCATION
Enterprise Funds
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2017

	Food Service Fund	Childcare	Total FY 2016
Cash flows from operating activities:			
Receipts from customers	\$ 44,094	\$ 64,217	\$ 108,311
Payments to employees	(42,330)	(14,893)	(57,223)
Payments for employee benefits	(8,096)		(8,096)
Payments to suppliers	(7,966)	(1,985)	(9,951)
Net cash provided by (used for) operating activities	<u>(14,298)</u>	<u>47,339</u>	<u>33,041</u>
Cash flows from non-capital financing activities:			
Due from general fund	15,097		15,097
Federal and state reimbursements	43,298		43,298
Net cash provided by non-capital financing activities	<u>58,395</u>		<u>58,395</u>
Cash flows from investing activities			
Interest earned	329		329
Net cash provided by investing activities	<u>329</u>		<u>329</u>
Net increase in cash and cash equivalents	44,426	47,339	91,765
Balance - beginning of year	70,535	118,176	188,711
Balance - end of year	<u>\$ 114,961</u>	<u>\$ 165,515</u>	<u>\$ 280,476</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (66,770)	\$ 46,778	\$ (19,992)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	959		959
Food distribution program	9,272		9,272
(Increase) decrease in other receivables	40,635		40,635
(Increase) decrease in inventory	808		808
Increase (decrease) in deferred revenue	(99)		(99)
Increase (decrease) in deposits payable	897		897
Increase (decrease) in accounts payable		100	100
Increase (decrease) in interfund payable		461	461
Net cash provided by (used for) operating activities	<u>\$ (14,298)</u>	<u>\$ 47,339</u>	<u>\$ 33,041</u>

ELK TOWNSHIP BOARD OF EDUCATION
Internal Service Fund
Combining Schedule of Net Position
For the Fiscal Year Ended June 30, 2017

	Custodial Services
ASSETS	
Current assets:	
Intergovernmental accounts receivable	\$ 1,100
LIABILITIES	
Interfund accounts payable	75
NET POSITION	
Unrestricted	\$ 1,025

ELK TOWNSHIP BOARD OF EDUCATION
Internal Service Fund
Combining Schedule of Revenues, Expenses,
and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2017

	Custodial Services
Operating revenues:	
Services provided to other governmental entities	\$ 6,099
Operating expenses:	
Salaries	3,187
Social security contribution	244
Insurance	45
Supplies and materials	2,623
Total operating expenses	6,099
Change in net position	
Total net position - beginning	1,025
Total net position - ending	\$ 1,025

ELK TOWNSHIP BOARD OF EDUCATION
Internal Service Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2017

	Custodial Services
Cash flows from operating activities:	
Receipts from customers	\$ 4,999
Payments to employees	(6,247)
	(1,248)
Net cash provided by (used for) operating activities	(1,248)
Net increase (decrease) in cash and cash equivalents	(1,248)
Balance - beginning of year	1,248
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
(Increase) decrease in accounts receivable	(1,100)
Increase (decrease) in interfund payable	75
Increase (decrease) in accounts payable	(223)
	\$ (1,248)

FIDUCIARY FUNDS

ELK TOWNSHIP BOARD OF EDUCATION
Combining Statement of Fiduciary Net Position
For the Fiscal Year Ended June 30, 2017

	Trust		Agency		Total FY 2017
	Unemployment Compensation Trust	Scholarship Fund	Student Activities	Payroll	
ASSETS					
Cash and cash equivalents	\$ 9,418	\$ 1,187	\$ 12,854	\$ 794	\$ 24,253
Total assets	<u>\$ 9,418</u>	<u>\$ 1,187</u>	<u>\$ 12,854</u>	<u>\$ 794</u>	<u>24,253</u>
LIABILITIES					
Payroll deductions and withholdings				\$ 794	794
Due to student groups			\$ 12,854		12,854
Total liabilities			<u>\$ 12,854</u>	<u>\$ 794</u>	<u>13,648</u>
NET POSITION					
Held in trust for unemployment claims	\$ 9,418				9,418
Nonexpendable trust		\$ 1,187			1,187
Total net position	<u>\$ 9,418</u>	<u>\$ 1,187</u>			<u>\$ 10,605</u>

ELK TOWNSHIP BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Position
Trust Funds
For the Fiscal Year Ended June 30, 2017

	Unemployment Compensation Trust	Scholarship Fund	Total FY 2017
ADDITIONS:			
Contributions:			
Plan member	\$ 6,438		\$ 6,438
Total contributions	6,438		6,438
Investment earnings:			
Interest	22	\$ 3	25
Total additions	6,460	3	6,463
DEDUCTIONS:			
Unemployment claims	3,947		3,947
Total deductions	3,947		3,947
Change in net position	2,513	3	2,516
Net position - beginning	6,905	1,184	8,089
Net position - end	<u>\$ 9,418</u>	<u>\$ 1,187</u>	<u>\$ 10,605</u>

ELK TOWNSHIP BOARD OF EDUCATION
 Student Activity Agency Fund -
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
ACTIVITIES:				
Aura School	\$ 10,906	\$ 29,389	\$ 27,441	\$ 12,854

ELK TOWNSHIP BOARD OF EDUCATION
 Payroll Agency Fund -
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
ASSETS				
Cash and cash equivalents	\$ 752	\$ 3,255,086	\$ 3,255,044	\$ 794
Total assets	<u>\$ 752</u>	<u>\$ 3,255,086</u>	<u>\$ 3,255,044</u>	<u>\$ 794</u>
LIABILITIES				
Accrued salaries and wages		\$ 1,664,396	\$ 1,664,396	
Payroll deductions and withholdings	\$ 752	1,590,690	1,590,648	\$ 794
Total liabilities	<u>\$ 752</u>	<u>\$ 3,255,086</u>	<u>\$ 3,255,044</u>	<u>\$ 794</u>

LONG-TERM DEBT

ELK TOWNSHIP BOARD OF EDUCATION
Schedule of Serial Bonds
June 30, 2017

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2016	Retired	Balance June 30, 2017
			Date	Amount				
Aura School/Grounds Renovations	7/15/08	\$ 1,750,000	7/15/18-21	\$ 130,000	4.250%	\$ 1,065,000	\$ 130,000	\$ 935,000
			7/15/22	140,000	4.250%			
			7/15/23	145,000	4.375%			

ELK TOWNSHIP BOARD OF EDUCATION
 Schedule of Obligations Under Capital Leases
 For the Fiscal Year Ended June 30, 2017

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Issued	Retired	Balance June 30, 2017
			Principle	Interest				
Fortinet	7/1/15	3 Years	\$ 10,516	\$ 477	4.30%	\$ 10,516	\$ 5,145	\$ 5,371
Access Points/Drops	7/1/15	5 Years	37,695	2,887	3.66%	37,695	8,914	28,781
Dell Networking	7/1/15	5 Years	18,877	1,446	3.66%	18,877	4,463	14,414
Chromebooks	7/1/16	3 Years	23,546	1,502	5.86%	23,546	7,572	15,974
Chromebooks	7/1/16	3 Years	22,497	1,327	5.86%	22,497	7,942	14,555
Computers	7/1/16	5 Years	56,408	5,584	4.85%	56,408	12,398	44,010
						<u>\$ 169,539</u>	<u>\$ 46,434</u>	<u>\$ 123,105</u>

ELK TOWNSHIP BOARD OF EDUCATION
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 100,261		\$ 100,261	\$ 100,261	
State sources:					
Debt service aid type II	72,420		72,420	72,420	
Total revenues	<u>172,681</u>		<u>172,681</u>	<u>172,681</u>	
EXPENDITURES:					
Regular debt service:					
Interest	42,681		42,681	42,681	
Redemption of principal	130,000		130,000	130,000	
Total expenditures	<u>172,681</u>		<u>172,681</u>	<u>172,681</u>	
Excess (deficiency) of revenues over (under) expenditures					
Fund balance, July 1	<u>5</u>		<u>5</u>	<u>5</u>	
Fund balance, June 30	<u>\$ 5</u>		<u>\$ 5</u>	<u>\$ 5</u>	

**STATISTICAL SECTION
(Unaudited)**

ELK TOWNSHIP SCHOOL DISTRICT
Statistical Section

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	107-114
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	115-118
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	119-122
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	123-124
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	125-129

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Invested in capital assets, net of related debt	\$ 206,296	\$ 1,809,749	\$ 2,289,560	\$ 2,238,938	\$ 2,195,725	\$ 2,250,655	\$ 2,169,289	\$ 2,138,946	\$ 2,096,843	\$ 2,395,282
Restricted	2,256,182	1,153,832	481,780	855,910	993,766	878,670	634,209	607,856	1,083,250	1,221,735
Unrestricted	190,814	(33,070)	(76,070)	(25,649)	(121,764)	(127,673)	(75,247)	(1,024,838)	(1,028,413)	(1,305,450)
Total governmental activities net position	<u>\$ 2,653,292</u>	<u>\$ 2,930,511</u>	<u>\$ 2,695,270</u>	<u>\$ 3,069,199</u>	<u>\$ 3,067,727</u>	<u>\$ 3,001,652</u>	<u>\$ 2,728,251</u>	<u>\$ 1,721,964</u>	<u>\$ 2,151,680</u>	<u>\$ 2,311,567</u>
Business-type activities:										
Invested in capital assets, net of related debt	\$ 10,118	\$ 8,841	\$ 7,431	\$ 13,230	\$ 17,104	\$ 14,871	\$ 12,999	\$ 11,768	\$ 10,810	\$ 9,851
Unrestricted	19,332	19,779	24,599	31,710	49,483	60,543	113,467	176,712	242,175	291,138
Total governmental activities net position	<u>\$ 29,450</u>	<u>\$ 28,620</u>	<u>\$ 32,030</u>	<u>\$ 44,940</u>	<u>\$ 66,587</u>	<u>\$ 75,414</u>	<u>\$ 126,466</u>	<u>\$ 188,480</u>	<u>\$ 252,985</u>	<u>\$ 300,989</u>
District-wide:										
Invested in capital assets, net of related debt	\$ 216,414	\$ 1,818,590	\$ 2,296,991	\$ 2,252,168	\$ 2,212,829	\$ 2,265,526	\$ 2,182,288	\$ 2,150,714	\$ 2,107,653	\$ 2,405,133
Restricted	2,256,182	1,153,832	481,780	855,910	993,766	878,670	634,209	607,856	1,083,250	1,221,735
Unrestricted	210,146	(13,291)	(51,471)	6,061	(72,281)	(67,130)	38,220	(848,126)	(786,238)	(1,014,312)
Total district-wide net position	<u>\$ 2,682,742</u>	<u>\$ 2,959,131</u>	<u>\$ 2,727,300</u>	<u>\$ 3,114,139</u>	<u>\$ 3,134,314</u>	<u>\$ 3,077,066</u>	<u>\$ 2,854,717</u>	<u>\$ 1,910,444</u>	<u>\$ 2,404,665</u>	<u>\$ 2,612,556</u>

Source: District records.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 2,057,323	\$ 2,255,231	\$ 2,416,307	\$ 1,518,029	\$ 1,635,316	\$ 1,670,014	\$ 1,701,843	\$ 1,846,653	\$ 1,665,514	\$ 1,760,745
Special education	244,042	463,190	471,806	506,028	543,727	503,887	548,104	600,813	525,692	495,460
Other special instruction	621,397	367,528	473,059	140,666	114,200	175,643	179,045	162,459	114,304	121,749
Other instruction	3,977	5,022	8,065	12,396	3,379	18,256	32,368	39,615	28,690	27,301
Support services:										
Tuition	34,374	88,370	189,710	236,184	177,061	182,979	206,930	214,315	99,616	185,221
Student & instructional related services	682,920	660,251	710,587	497,486	550,064	587,307	645,071	650,703	606,004	841,573
School administration services	246,359	250,464	233,479	166,393	181,412	177,742	120,174	152,562	124,419	133,198
General & business administrative services	455,470	338,441	325,861	253,659	258,720	259,619	286,205	303,872	251,928	254,681
Plant operations & maintenance	513,518	473,721	481,198	381,382	387,251	336,384	434,181	366,163	355,016	356,323
Pupil transportation	398,689	347,231	340,483	263,367	352,529	460,161	546,722	514,572	433,490	443,715
Unallocated benefits				1,086,946	1,288,605	1,303,994	1,237,419	1,306,877	1,405,894	1,712,709
Special schools				1,958						
Capital outlay		89,126		3,076	35,409	2,029	72,874	3,130	55,320	30,765
Interest on long-term debt	36,224	6,869	67,397	93,070	68,749	62,950	56,609	50,023	45,674	40,149
Amortization of bond issue costs		1,657	1,657	1,657	1,657	1,657	1,657	1,657	1,657	1,657
Unallocated depreciation	27,032	36,157	64,941	194,401	190,940	203,407	204,832	204,556	207,714	197,398
Total governmental activities expenses	5,321,325	5,383,258	5,784,550	5,356,698	5,799,019	5,946,029	6,274,034	6,417,970	5,920,932	6,602,644
Business-type activities:										
Food service	182,948	177,622	169,098	152,982	164,136	174,829	127,683	121,299	109,097	109,316
Childcare				13,340	10,886	14,222	16,820	16,221	14,375	17,439
Total business-type activities expenses	182,948	177,622	169,098	152,982	175,022	189,051	144,503	137,520	123,472	126,755
Total district-wide expenses	\$ 5,504,273	\$ 5,560,880	\$ 5,953,648	\$ 5,509,680	\$ 5,974,041	\$ 6,135,080	\$ 6,418,537	\$ 6,555,490	\$ 6,044,404	\$ 6,729,399

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Program revenues:										
Governmental activities:										
Charges for services	\$ 21,934	\$ 23,936	\$ 33,296	\$ 6,150	\$ 5,921	\$ 5,095	\$ 4,388	\$ 4,046	\$ 3,239	\$ 6,099
Operating grants & contributions	598,201	326,873	365,988	330,028	325,318	277,986	258,464	329,471	285,723	293,375
Total governmental activities program revenues	620,135	350,809	399,284	336,178	331,239	283,081	262,852	333,517	288,962	299,474
Business-type activities:										
Charges for services:										
Food service	68,487	66,763	61,670	57,367	58,327	67,008	47,777	44,284	44,222	42,546
Childcare				21,265	20,976	33,030	37,697	47,701	40,164	64,217
Operating grants & contributions	66,421	68,888	76,788	78,512	84,690	79,779	78,038	75,528	71,372	67,667
Total business-type activities revenues	134,908	135,651	138,458	157,144	163,993	179,817	163,512	167,513	155,758	174,430
Total district program revenues	\$ 755,043	\$ 486,460	\$ 537,742	\$ 493,322	\$ 495,232	\$ 462,898	\$ 426,364	\$ 501,030	\$ 444,720	\$ 473,904
Net (expense)/revenue:										
Governmental activities	\$ (4,701,190)	\$ (5,032,449)	\$ (5,385,266)	\$ (5,020,520)	\$ (5,467,780)	\$ (5,662,948)	\$ (6,011,182)	\$ (6,084,453)	\$ (5,631,970)	\$ (6,303,170)
Business-type activities	(48,040)	(41,971)	(30,640)	4,162	(11,029)	(9,234)	19,009	29,993	32,286	47,675
Total district-wide net expense	\$ (4,749,230)	\$ (5,074,420)	\$ (5,415,906)	\$ (5,016,358)	\$ (5,478,809)	\$ (5,672,182)	\$ (5,992,173)	\$ (6,054,460)	\$ (5,599,684)	\$ (6,255,495)
General revenues & other changes in net assets:										
Governmental activities:										
Property taxes levied for general purposes	\$ 1,919,840	\$ 1,996,634	\$ 2,103,308	\$ 2,247,237	\$ 2,332,830	\$ 2,369,005	\$ 2,415,831	\$ 2,652,801	\$ 2,763,747	\$ 2,819,022
Taxes levied for debt service	179,916	174,559	224,003	117,863	119,902	116,539	109,887	106,678	103,469	100,261
Unrestricted grants & contributions	2,895,668	2,900,211	2,708,106	2,739,306	2,978,663	3,032,415	3,065,739	3,143,232	3,208,109	3,292,233
Tuition received	54,949	37,597	127,022	290,769	51,320	78,610	115,521	211,209	48,854	93,687
Investment earnings	36,136	26,367	7,305	7,917	9,579	4,832	3,497	2,942	4,349	4,230
Miscellaneous income	16,850	30,544	14,281	11,357	8,264	14,466	59,306	4,003	5,611	153,624
Transfers	(66,000)	(41,000)	(34,000)	(20,000)	(27,000)	(18,000)	(32,000)	(104,501)	(32,000)	
Loss on disposal of assets					(7,249)					
Bonds authorized not issued	578									
Interest expense	(1,579)									
Prior year asset correction		184,756								
Prior year receivable canceled						(994)			(40,453)	
Total governmental activities	5,036,358	5,309,668	5,150,025	5,394,449	5,466,309	5,596,873	5,737,781	6,016,364	6,061,686	6,463,057

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities:										
Miscellaneous income	282	141	50	75	86	61	43	21	219	329
Loss on retirement of asset				(1,266)						
Contributed capital - fixed assets				3,279	5,590					
Transfers	66,000	41,000	34,000	20,000	27,000	18,000	32,000	32,000	32,000	
Total business-type activities	66,282	41,141	34,050	22,088	32,676	18,061	32,043	32,021	32,219	329
Total district-wide	\$ 5,102,640	\$ 5,350,809	\$ 5,184,075	\$ 5,416,537	\$ 5,498,985	\$ 5,614,934	\$ 5,769,824	\$ 6,048,385	\$ 6,093,905	\$ 6,463,386
Change in net position:										
Governmental activities	\$ 335,168	\$ 277,219	\$ (235,241)	\$ 373,929	\$ (1,471)	\$ (66,075)	\$ (273,401)	\$ (68,089)	\$ 429,716	\$ 159,887
Business-type activities	18,242	(830)	3,410	26,250	21,647	8,827	51,052	62,014	64,505	48,004
Total district-wide	\$ 353,410	\$ 276,389	\$ (231,831)	\$ 400,179	\$ 20,176	\$ (57,248)	\$ (222,349)	\$ (6,075)	\$ 494,221	\$ 207,891

Source: District records.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund:										
Restricted				\$ 634,430	\$ 889,364	\$ 433,497	\$ 353,780	\$ 354,080	\$ 733,134	\$ 1,087,638
Assigned				292,416	101,020	441,790	277,044	250,391	346,731	130,712
Unassigned				38,812	58,753	35,485	23,420	33,931	4,945	7,438
Reserved	\$ 555,762	\$ 814,306	\$ 503,949							
Unreserved	294,087	97,629	10,133							
Total general fund	\$ 849,849	\$ 911,935	\$ 514,082	\$ 965,658	\$ 1,049,137	\$ 910,772	\$ 654,244	\$ 638,402	\$ 1,084,810	\$ 1,225,788
All other governmental funds:										
Restricted										
Debt service fund				\$ 1	\$ 2	\$ 3	\$ 5	\$ 5	\$ 5	\$ 5
Capital projects fund				3,380	3,380	3,380	3,380	3,380	3,380	3,380
Unassigned										
Special revenue fund				(6,764)	(6,366)	(6,892)	(4,993)	(5,187)	(4,177)	
Reserved		\$ 274,193	\$ 7,500							
Unreserved, reported in:										
Special revenue fund	\$ (16,804)	(6,545)	(6,764)							(5,409)
Capital projects fund	1,700,419	73,391	11,439							
Debt service fund	1	1	1							
Total all other governmental funds	\$ 1,683,616	\$ 341,040	\$ 12,176	\$ (3,383)	\$ (2,984)	\$ (3,509)	\$ (1,608)	\$ (1,802)	\$ (792)	\$ (2,024)

Source: District records.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Tax levy	\$ 2,099,756	\$ 2,171,193	\$ 2,327,311	\$ 2,365,100	\$ 2,452,732	\$ 2,485,544	\$ 2,525,718	\$ 2,759,479	\$ 2,867,216	\$ 2,919,283
Tuition charges	54,949	37,597	127,022	290,769	51,320	78,610	115,521	211,209	48,854	93,687
Interest earnings	36,136	26,367	7,305	7,917	9,579	4,832	3,497	2,941	4,349	4,230
Miscellaneous	38,784	53,710	14,834	12,683	16,764	16,881	59,306	5,003	5,611	153,624
State sources	3,228,293	2,966,378	2,436,874	2,798,264	2,952,749	3,079,311	3,104,520	3,164,035	3,228,690	3,331,423
Federal sources	265,576	260,206	636,667	269,744	342,732	228,675	219,683	307,668	265,142	252,137
Local sources										2,048
Total revenue	5,723,494	5,515,451	5,550,013	5,744,477	5,825,876	5,893,853	6,028,245	6,450,335	6,419,862	6,756,432
Expenditures:										
Instruction:										
Regular instruction	1,448,198	1,579,201	1,698,581	1,506,904	1,604,871	1,666,784	1,767,585	1,858,416	1,687,805	1,798,364
Special education instruction	175,962	341,042	336,082	505,759	543,823	506,165	548,144	600,633	524,962	495,595
Other	480,879	272,051	318,490	139,946	131,827	175,468	179,220	161,784	114,972	117,631
School sponsored/other instructional	2,775	3,450	5,884	12,396	13,379	18,256	32,368	39,615	28,690	27,301
Total instruction	2,107,814	2,195,744	2,359,037	2,165,005	2,293,900	2,366,673	2,527,317	2,660,448	2,356,429	2,438,891
Undistributed:										
Instruction	34,374	88,370	189,710	236,184	177,061	182,979	206,930	214,315	99,616	185,221
Student & instruction related services	460,874	499,423	517,332	509,291	538,830	598,563	645,071	650,703	606,004	841,573
General administration services	169,288	148,930	127,098	91,632	95,916	109,976	93,308	97,348	99,745	91,473
School administrative services	160,240	165,572	174,713	164,994	169,286	174,873	131,762	146,749	120,350	130,682
Central services	150,411	142,246	145,826	152,695	148,619	151,809	144,840	150,851	112,744	118,573
Administration information technology	19,030	7,134	6,521	6,572	11,393	11,319	48,057	44,547	36,980	47,993
Operations and maintenance	427,736	377,702	389,797	371,307	394,589	375,489	433,960	355,965	347,296	352,605
Student transportation	370,697	342,302	343,772	278,367	367,529	465,300	546,722	514,572	433,490	443,715
Business and other support services:										
Employee benefits	756,222	789,915	867,536	746,908	888,788	831,959	823,054	870,960	895,121	1,157,947
On-behalf TPAF pension contribution	358,647	148,060	173,575	171,664	234,645	311,781	247,748	299,440	395,770	235,444
On-behalf long-term disability										479
Reimbursed TPAF social security	172,578	182,169	191,773	167,716	162,131	162,343	176,340	152,685	156,410	172,346
Total undistributed	3,080,097	2,891,823	3,127,653	2,897,330	3,188,787	3,376,391	3,497,792	3,498,135	3,303,526	3,778,051

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Capital outlay	116,419	1,350,619	347,095	21,183	54,160	69,984	106,251	19,555	61,830	396,602
Special schools		6,869		1,958						
Debt service expenditures:										
Principal	290,000	290,000	285,000	126,000	135,000	135,000	130,000	130,000	130,000	130,000
Interest	29,792	19,886	123,945	76,984	71,491	65,701	59,256	53,732	48,206	42,681
Total expenditures	5,624,122	6,754,941	6,242,730	5,288,460	5,743,338	6,013,749	6,320,616	6,361,870	5,899,991	6,786,225
Excess (deficiency) of revenues over (under) expenditures	99,372	(1,239,490)	(692,717)	456,017	82,538	(119,896)	(292,371)	88,465	519,871	(29,793)
Other financing sources (uses):										
Proceeds from borrowing	1,750,578									
Extraordinary item	(1,579)									
Capital leases (non-budgeted)					28,340					169,539
Prior year receivables canceled								(72,501)	(40,453)	
Transfers out	(66,000)	(41,000)	(34,000)	(20,000)	(27,000)	(19,006)	(32,010)	(32,000)	(32,010)	
Transfers in						12	69,754		10	
Total other financing sources (uses)	1,682,999	(41,000)	(34,000)	(20,000)	1,340	(18,994)	37,744	(104,501)	(72,453)	169,539
Net change in fund balance	<u>\$ 1,782,371</u>	<u>\$ (1,280,490)</u>	<u>\$ (726,717)</u>	<u>\$ 436,017</u>	<u>\$ 83,878</u>	<u>\$ (138,890)</u>	<u>\$ (254,627)</u>	<u>\$ (16,036)</u>	<u>\$ 447,418</u>	<u>\$ 139,746</u>
Debt service as a percentage of noncapital expenditures	5.81%	5.73%	6.94%	3.85%	3.63%	3.38%	3.05%	2.90%	3.05%	2.70%

Source: District records.

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

Fiscal Year Ended June 30,	Refunds	Miscellaneous	Summer Program	Sale of Assets	Services Provided Other LEA's	Annual Totals
2008	\$ 7,462	\$ 8,888			\$ 21,934	\$ 38,284
2009	11,515	19,029			22,666	53,210
2010	2,793	6,656		\$ 4,832		14,281
2011	2,574	5,737	\$ 3,046			11,357
2012	5,549	600	50	2,065		8,264
2013	12,471	1,995				14,466
2014	10,055	49,251				59,306
2015	309	4,694				5,003
2016	4,170	1,441				5,611
2017	942	152,682				153,624
	<u>\$ 57,840</u>	<u>\$ 250,973</u>	<u>\$ 3,096</u>	<u>\$ 6,897</u>	<u>\$ 44,600</u>	<u>\$ 363,406</u>

Source: District records.

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farmland	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2008	24,226,600	304,093,100	25,243,000	4,324,100	25,485,800	1,137,400		384,510,000	1,310,507	385,820,507	368,937,053	0.562
2009	23,663,000	311,873,900	25,622,600	4,369,000	27,731,500	1,137,400		394,397,400	1,421,103	395,818,503	368,937,053	0.588
2010	21,249,300	314,651,800	25,981,400	4,396,300	24,901,100	1,137,400		392,317,300	1,421,103	393,738,403	368,937,053	0.600
2011	21,291,000	317,066,800	26,197,200	4,501,700	26,812,600	1,137,400		397,006,700	1,406,464	398,413,164	391,638,213	0.604
2012	19,466,400	320,339,500	26,458,300	4,412,100	27,936,500	1,137,400		399,750,200	1,336,575	401,086,775	382,547,020	0.616
2013	14,151,800	275,989,300	23,117,900	4,313,700	31,157,500	1,189,200		349,919,400	1,231,905	351,151,305	374,101,341	0.801
2014	14,194,800	276,047,800	22,896,000	4,398,500	30,622,800	1,189,200		349,349,100	1,093,377	350,442,477	359,865,466	0.810
2015	14,240,600	277,730,900	22,274,100	4,378,200	30,307,000	1,189,200		350,120,000	1,109,178	351,229,178	360,723,805	0.816
2016	17,933,400	275,905,100	24,150,100	4,349,300	30,344,300	1,189,200		353,871,400	1,088,181	354,959,581	368,583,465	0.822
2017	19,532,500	284,780,900	23,915,600	4,314,500	30,934,200	1,189,200		364,666,900	1,007,309	365,674,209	368,583,465	0.822

Source: Municipal Tax Assessor.

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

Fiscal Year Ended June 30,	Elk Township School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Delsea Regional School District	Elk Township	Gloucester County	
2008	0.508	0.054	0.562	0.558	0.512	0.567	2.199
2009	0.531	0.057	0.588	0.575	0.549	0.586	2.298
2010	0.570	0.030	0.600	0.613	0.549	0.596	2.358
2011	0.574	0.030	0.604	0.634	0.574	0.575	2.387
2012	0.586	0.030	0.616	0.658	0.642	0.565	2.481
2013	0.681	0.033	0.714	0.801	0.764	0.687	2.966
2014	0.775	0.035	0.810	0.838	0.794	0.681	3.123
2015	0.783	0.033	0.816	0.875	0.861	0.721	3.273
2016	0.791	0.031	0.822	0.922	0.876	0.750	3.370
2017	0.795	0.028	0.823	0.949	0.876	0.753	3.401

Source: Municipal Tax Collector.

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

	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Individual Taxpayer 1	6,044,900	1.65%	1,668,300	0.43%
Laux Lakeview Park Inc.	4,142,000	1.13%	4,636,900	1.20%
Aura Investors LLC	2,646,700	0.72%		
SCP 2007-C27, LLC (CVS Caremark)	2,449,900	0.67%		
Aura Development Group LLC	1,926,000	0.53%		
Clayton Associates	1,189,200	0.33%	1,242,800	0.32%
C & C Development Co. LLC	1,128,400	0.31%		
Copart of Connecticut Inc.	1,102,000	0.30%		
Aura Home Builders LLC	1,094,900	0.30%		
Western Oilfields Supply Co.	1,052,200	0.29%	1,161,400	0.30%
Verizon New Jersey			1,310,507	0.34%
Silvergate Associates			2,094,500	0.54%
Individual Taxpayer 2			1,632,300	0.42%
Individual Taxpayer 3			1,306,600	0.34%
Individual Taxpayer 4			1,269,100	0.33%
Individual Taxpayer 5			1,173,600	0.30%
	22,776,200	6.23%	17,496,007	4.50%

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 2,099,756	\$ 2,099,756	100.00%	
2009	2,171,193	2,171,193	100.00%	
2010	2,327,311	2,327,311	100.00%	
2011	2,365,100	2,365,100	100.00%	
2012	2,452,732	2,452,732	100.00%	
2013	2,485,544	2,485,544	100.00%	
2014	2,525,718	2,525,718	100.00%	
2015	2,759,479	2,759,479	100.00%	
2016	2,867,216	2,867,216	100.00%	
2017	2,919,283	2,919,283	100.00%	

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income
	General Obligation Bonds	Capital Leases			
2008	\$ 2,426,000	\$ 55,000	\$	2,481,000	1.61%
2009	2,136,000	45,000		2,181,000	1.33%
2010	1,851,000	30,000		1,881,000	1.15%
2011	1,725,000	15,000		1,740,000	0.99%
2012	1,590,000	22,117		1,612,117	0.89%
2013	1,455,000	16,978		1,471,978	0.79%
2014	1,325,000	56,889		1,381,889	0.74%
2015	1,195,000	29,101		1,224,101	0.63%
2016	1,065,000			1,065,000	0.53%
2017	935,000	123,105		1,058,105	N/A

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2008	\$ 2,426,000		\$ 2,426,000	0.77%	617
2009	2,136,000		2,136,000	0.55%	537
2010	1,851,000		1,851,000	0.25%	462
2011	1,725,000		1,725,000	0.63%	409
2012	1,590,000		1,590,000	0.54%	378
2013	1,455,000		1,455,000	0.54%	347
2014	1,325,000		1,325,000	0.38%	317
2015	1,195,000		1,195,000	0.34%	287
2016	1,065,000		1,065,000	0.30%	256
2017	935,000		935,000	0.26%	226

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

ELK TOWNSHIP BOARD OF EDUCATION
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2017
 Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Township of Elk	\$ 2,435,250	100.00%	\$ 2,435,250
Delsea Regional High School District	10,031,000	22.00%	2,206,820
Gloucester County General Obligation Debt	381,586,361	1.47%	5,609,320
Subtotal, overlapping debt			10,251,390
Township of Elk School District			935,000
Total direct and overlapping debt			<u>\$ 11,186,390</u>

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

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

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

	<u>Equalized valuation basis</u>
	2014 358,196,555
	2015 363,006,739
	2016 369,269,957
	<u>\$ 1,090,473,251</u>
Average equalized valuation of taxable property	<u>\$ 363,491,084</u>
Debt limit (2.5% of average equalized value)	\$ 9,087,277
Total net debt applicable to limit	<u>935,000</u>
Legal debt margin	<u>\$ 8,152,277</u>

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 7,799,990	\$ 8,819,963	\$ 9,511,743	\$ 9,696,173	\$ 9,672,724	\$ 9,434,871	\$ 9,217,017	\$ 9,053,541	\$ 8,998,952	\$ 9,087,277
Total net debt applicable to limit	2,426,000	2,136,000	1,851,000	1,725,000	1,590,000	1,455,000	1,325,000	1,195,000	1,065,000	935,000
Legal debt margin	<u>\$ 5,373,990</u>	<u>\$ 6,683,963</u>	<u>\$ 7,660,743</u>	<u>\$ 7,971,173</u>	<u>\$ 8,082,724</u>	<u>\$ 7,979,871</u>	<u>\$ 7,892,017</u>	<u>\$ 7,858,541</u>	<u>\$ 7,933,952</u>	<u>\$ 8,152,277</u>
Total net debt applicable to the limit as a percentage of debt limit	31.10%	24.22%	19.46%	17.79%	16.44%	15.42%	14.38%	13.20%	11.83%	10.29%

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

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

Fiscal Year Ended June 30,	Population	Personal Income	Per Capita Personal Income *	Unemployment Rate
2008	3,932	\$ 153,780,520	\$ 39,110	6.1%
2009	3,974	164,150,044	41,306	9.0%
2010	4,005	164,168,955	40,991	9.5%
2011	4,216	175,014,592	41,512	9.3%
2012	4,208	181,932,880	43,235	9.5%
2013	4,189	185,958,088	44,392	9.5%
2014	4,174 *	187,875,914	45,011	14.9%
2015	4,167 *	194,194,701	46,603	6.6%
2016	4,156 *	202,808,644	48,799	4.6%
2017	4,130 *	N/A	N/A	N/A

* Represents information for Gloucester County

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

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

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

Employer	2017		2008	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
Inspira Health	1,825	1.28%		
Kennedy Memorial Hospital	1,675	1.18%		
Washington Township School District	1,607	1.13%		
Rowan University	1,483	1.04%		
County of Gloucester	1,384	0.97%		
Missa Bay, LLC	950	0.67%		
Monroe Township School District	804	0.56%		
U.S. Foodservices	725	0.51%		
Exxon Mobil Research & Engineering	540	0.38%		
LaBrea Bakery	525	0.37%		
	<u>11,518</u>		N/A	N/A

Source: Gloucester County Department of Economic Development.

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

N/A = Information not available.

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction:										
Regular	31.0	30.0	29.1	25.6	28.1	26.6	25.8	26.6	27.6	27.0
Special education/other special	12.5	13.5	13.5	8.0	13.2	7.4	9.0	9.4	5.4	5.0
Support services:										
Student & instruction related services	6.7	7.2	7.2	6.0	6.9	7.0	5.0	3.2	7.2	7.2
General administration	1.5	1.0	1.0	1.0	0.1	0.5	0.5	0.3	0.3	0.3
School administrative services	2.2	2.2	2.2	2.0	2.2	1.0	1.0	1.5	1.5	1.5
Business administrative/technology services	1.9	1.9	2.0	2.0	2.0	1.5	1.5	2.0	2.0	2.0
Plant operations & maintenance	6.5	6.0	6.0	13.7	6.5	4.0	4.0	5.0	5.0	5.0
Food service	0.2	0.2								
Total	<u>62.5</u>	<u>62.0</u>	<u>61.0</u>	<u>58.3</u>	<u>59.0</u>	<u>48.0</u>	<u>46.8</u>	<u>48.0</u>	<u>49.0</u>	<u>48.0</u>

Source: District Personnel Records.

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

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures (a)	Cost per Pupil	Percentage Change	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff (b)	Elementary				
2008	373	4,877,493	13,076	1.92%	37	1:11.1	377	360	0.82%	95.49%
2009	376	5,187,911	13,798	5.52%	36	1:11.2	377	361	0.00%	95.76%
2010	388	5,094,436	13,130	-4.84%	36	1:10.8	387	370	2.65%	95.61%
2011	388	5,486,690	14,141	7.70%	39	1:10.0	384	365	-0.72%	95.05%
2012	394	5,064,293	12,854	-9.10%	39	1:10.2	398	384	3.59%	96.48%
2013	388	5,482,687	14,131	9.94%	37	1:9.3	364	346	-8.54%	95.05%
2014	356	6,025,109	16,924	19.77%	36	1:9.6	354	335	-2.75%	94.63%
2015	354	6,158,583	17,397	2.79%	37	1:10.6	350	332	-1.13%	94.86%
2016	347	5,659,955	16,311	-6.24%	36	1:10.4	343	327	-2.00%	95.34%
2017	336	6,216,942	18,503	13.44%	36	1:9.3	337	319	-1.75%	94.66%

Source: District records.

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

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

Aura Elementary School	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Square Feet	51,532	51,532	51,532	51,532	51,532	51,532	51,532	51,532	51,532	51,532
Capacity (students)	522	522	522	522	522	522	522	522	522	522
Enrollment	373	376	388	384	398	388	356	354	347	336

Number of Schools at June 30, 2017
 Elementary = 1

Source: District Office.

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

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

* School Facilities	Gross Square Footage	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Aura School	51,532	\$ 95,891	\$ 28,593	\$ 51,867	\$ 19,770	\$ 46,424	\$ 42,425	\$ 88,851	\$ 46,084	\$ 45,282	\$ 65,557	\$ 530,744

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

ELK TOWNSHIP BOARD OF EDUCATION
Insurance Schedule
June 30, 2017
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Selective Insurance Company of America		
Property/Inland Marine/Auto Physical Damage	\$ 150,000,000	\$ 500
Crime	500,000	500
General Liability/Auto Liability	20,000,000	
Workmen's Compensation	Statutory	
Educator's Legal Liability	20,000,000	
 Firemans' Fund Insurance Company		
Commercial Umbrella	50,000,000	
 Lexington Insurance Company, Inc.		
Cyber Liability	5,000,000	25,000
 Lloyd's of London		
Violent Malicious Acts	1,000,000	
 Lloyd's of London		
Disaster Management Services	2,000,000	15,000
 Travelers Insurance Company		
Boiler & Machinery	125,000,000	1,000
 Commerce and Industry Insurance Company		
Commercial Pollution and Mold Legal Liability	3,000,000	25,000
 Public Employees' Faithful Performance Bonds - Selective Insurance Company of America		
Surety Bond - Treasurer	161,300	
Surety Bond - Board Secretary/Business Administrator	20,000	

Source: District records.

SINGLE AUDIT SECTION

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EXHIBIT 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 GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the Governmental Activities, the Business-type Activities, each major fund, and the aggregate remaining fund information of the Elk Township School District, in the County of Gloucester, State of New Jersey, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Elk Township School District's basic financial statements, and have issued our report thereon dated November 30, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Elk Township School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, which are described in the accompanying schedule of findings and questioned costs as item 2017-001.

Response to Findings

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

Purpose of this Report

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

PETRONI & ASSOCIATES LLC



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

November 30, 2017

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
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EXHIBIT K-2

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

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited the Elk Township School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Elk Township School District's major state programs for the year ended June 30, 2017. Elk Township School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB's Circular 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Elk Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, Elk Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of Elk Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Elk Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with Uniform Guidance and New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Elk Township School District's internal control over compliance.

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

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

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

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

We have audited the financial statements Elk Township School District as of and for the year ended June 30, 2017, and have issued our report thereon dated November 30, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Uniform Guidance and New Jersey OMB's Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditure of federal awards and state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

PETRONI & ASSOCIATES LLC



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

November 30, 2017

ELK TOWNSHIP BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2016	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balances at June 30, 2017			Cumulative Total Expenditures
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Education																
General Fund:																
Medical Assistance Program (SEMI)	93.778	1705NJSMAP	N/A	\$ 12,608	7/1/16	6/30/17			\$ 12,608	\$ (12,608)						\$ 12,608
ARRA-Medical Assistance Program (SEMI)	93.778	1705NJSMAP	N/A	1,063	10/1/08	12/31/10			1,063	(1,063)						1,063
Total General Fund									13,671	(13,671)					13,671	
U.S. Department of Education																
Passed-through State Department of Education:																
Special Revenue Fund:																
Title I, Part A	84.010	S010A160030	NCLB133017	102,851	7/1/16	6/30/17			74,630	(101,963)		\$ (27,333)				101,963
Title I, Part A	84.010	S010A150030	NCLB133016	103,856	7/1/15	6/30/16	\$ (87,511)		87,511							102,969
Title I, Part A, Carryover	84.010	S010A150030	NCLB133015	101,234	7/1/14	6/30/15	(3,597)		3,597							101,234
Title I, Part A, Carryover	84.010	S010A150030	NCLB133015	58,982	7/1/14	6/30/15	(8,470)		8,470		\$ 7,585					35,656
IDEA Part B, Basic Regular	84.027	H027A160100	FT133017	99,262	7/1/16	6/30/17				(99,262)			(99,262)		\$ 7,585	99,262
IDEA Part B, Basic Regular	84.027	H027A150100	FT133016	104,269	7/1/15	6/30/16	(104,269)		104,269							104,269
IDEA Part B, Preschool	84.173	H173A160114	FT133017	2,765	7/1/16	6/30/17			389	(2,765)			(2,376)			2,765
IDEA Part B, Preschool	84.173	H173A150114	FT133016	2,758	7/1/15	6/30/16	(2,758)		2,758							2,758
Title II Part A	84.367	S367A160029	NCLB133017	14,655	7/1/16	6/30/17			8,063	(13,934)			(5,871)			13,934
Title II Part A	84.367	S367A150029	NCLB133016	14,747	7/1/15	6/30/16	(14,086)		14,086							14,086
Title II Part A	84.367	S367A150029	NCLB133015	14,903	7/1/14	6/30/15	(420)		420							14,902
Title II Part A, Carryover	84.367	S367A150029	NCLB133015	6,939	7/1/14	6/30/15	(2,853)		2,853							6,939
Title II Part A	84.367	S367A150029	NCLB133014	14,981	7/1/13	6/30/14	(1,863)		1,863							11,097
Rural Education Achievement Program	84.358	S358B160030	S358A141526	24,589	7/1/16	6/30/17			24,589	(24,589)						24,589
Rural Education Achievement Program Carryover	84.358	S358B150030	S358A141526	1,648	7/1/16	6/30/17			1,648	(1,647)				1		1,648
Rural Education Achievement Program	84.358	S358B150030	S358A141526	21,456	7/1/15	6/30/16	(8,626)		8,626							21,456
Race to the Top	84.413A	B413A120008	N/A	7,309	7/1/12	11/30/15	1,002								1,002	4,867
Total Special Revenue Fund									(233,451)	343,772	(244,160)	7,585	(134,841)	8,587	664,394	
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Food Distribution Program	10.550	N/A	N/A	9,173	7/1/16	6/30/17			9,272	(7,719)			\$ 1,553			7,620
Food Distribution Program	10.550	N/A	N/A	12,068	7/1/15	6/30/16	1,652			(1,652)						12,068
School Breakfast Program	10.553	171NJ304N1099	N/A	8,600	7/1/16	6/30/17			8,080	(8,600)			(520)			8,600
School Breakfast Program	10.553	16161NJ304N1099	N/A	10,170	7/1/15	6/30/16	(1,817)		1,817							10,170
National School Lunch Program	10.555	171NJ304N1099	N/A	48,138	7/1/16	6/30/17			45,687	(48,138)			(2,451)			48,138
National School Lunch Program	10.555	16161NJ304N1099	N/A	48,036	7/1/15	6/30/16	(8,047)		8,047							48,036
Special Milk Program	10.556	171NJ304N1099	N/A	471	7/1/16	6/30/17			453	(471)			(18)			471
Special Milk Program	10.556	16161NJ304N1099	N/A	676	7/1/15	6/30/16	(95)		95							676
Total Enterprise Fund									(8,307)	73,451	(66,580)		(2,989)	1,553	135,779	
Total Federal Financial Awards									\$ (241,758)	\$ 430,894	\$ (324,411)	\$ 7,585	\$ (137,830)	\$ 1,553	\$ 8,587	\$ 813,844

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

ELK TOWNSHIP BOARD OF EDUCATION
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2017

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance June 30, 2016			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance June 30, 2017			MEMO	
					Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover (Walkover) Amount				Accounts Receivable	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
Extraordinary Aid	17-100-034-5120-473	\$ 22,894	7/1/16	6/30/17					\$ (22,894)		\$ (22,894)				\$ 22,894
Extraordinary Aid	16-100-034-5120-473	19,595	7/1/15	6/30/16	\$ (19,595)		\$ 19,595								19,595
State Aid Public:															
Categorical Special Education Aid	17-495-034-5120-089	195,091	7/1/16	6/30/17			195,091	(195,091)						\$ 19,509	195,091
Equalization Aid	17-495-034-5120-078	2,013,576	7/1/16	6/30/17			2,013,576	(2,013,576)						189,815	2,013,576
Categorical Security Aid	17-495-034-5120-084	66,201	7/1/16	6/30/17			66,201	(66,201)						6,620	66,201
Adjustment Aid	17-495-034-5120-085	38,757	7/1/16	6/30/17			38,757	(38,757)						3,876	38,757
School Choice Aid	17-495-034-5120-068	86,628	7/1/16	6/30/17			86,628	(86,628)						8,663	86,628
Under Adequacy Aid	17-495-034-5120-096	5,178	7/1/16	6/30/17			5,178	(5,178)						518	5,178
PARCC Readiness	17-495-034-5120-098	3,320	7/1/16	6/30/17			3,320	(3,320)						332	3,320
Per Pupil Growth	17-495-034-5120-097	3,320	7/1/16	6/30/17			3,320	(3,320)						332	3,320
Professional Learning Community Aid	17-495-034-5120-101	3,010	7/1/16	6/30/17			3,010	(3,010)						301	3,010
Categorical Transportation Aid	17-495-034-5120-014	157,280	7/1/16	6/30/17			157,280	(157,280)						15,728	157,280
Reimbursement of Nonpublic Transportation	N/A	3,132	7/1/16	6/30/17				(3,132)			(3,132)				3,132
Reimbursement of Nonpublic Transportation	N/A	4,306	7/1/15	6/30/16	(4,306)		4,306								4,306
On-behalf TPAF Pension Contribution	17-495-034-5094-002	235,248	7/1/16	6/30/17			235,248	(235,248)							235,248
On-behalf TPAF Postretirement Contribution	17-495-034-5094-001	196,015	7/1/16	6/30/17			196,015	(196,015)							196,015
On-behalf TPAF Long Term Disability Insurance	17-495-034-5094-004	479	7/1/16	6/30/17			479	(479)							479
Reimbursed TPAF Social Security Aid	17-495-034-5094-003	172,346	7/1/16	6/30/17			164,462	(172,346)			(7,884)				172,346
Reimbursed TPAF Social Security Aid	16-495-034-5094-003	156,410	7/1/15	6/30/16	(7,757)		7,757								156,410
Total General Fund					(31,658)		3,202,223	(3,202,475)			(33,910)			245,694	3,382,786
Special Revenue Fund:															
Preschool Education Act	17-495-034-5120-086	54,093	7/1/16	6/30/17			54,093	(54,093)						5,409	54,093
Preschool Education Act	12-495-034-5120-086	63,664	7/1/11	6/30/12	1						\$ 1			63,663	
Total Special Revenue Fund					1		54,093	(54,093)			1			5,409	117,756
Debt Services Fund:															
Debt Service Aid Type II	17-495-034-5120-017	72,420	7/1/16	6/30/17			72,420	(72,420)							72,420
Total Debt Service Fund							72,420	(72,420)							72,420
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	17-100-010-3350-023	1,186	7/1/16	6/30/17			1,126	(1,186)			(60)				1,186
National School Lunch Program (State Share)	16-100-010-3350-023	1,200	7/1/15	6/30/16	(204)		204								1,200
Total Enterprise Fund					(204)		1,330	(1,186)			(60)				2,386
Total State Financial Assistance					\$ (31,861)		\$ 3,328,066	\$ (3,330,174)			\$ (33,970)	\$ 1		\$ 251,103	\$ 3,575,348
Less: On-Behalf TPAF Pension System Contributions								\$ (431,742)							
Total for State Financial Assistance - Major Program Determination								\$ (2,898,432)							

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

ELK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2017

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of *2 CFR 200 – Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations, New Jersey State Aid/Grant Compliance Supplement* and New Jersey OMB's Circular 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$3,967 for the General Fund and (\$1,232) for the Special Revenue Fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented (See Exhibit B-2 and B-5):

ELK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2017

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

	Federal	State	Total
General Fund	\$ 12,608	\$ 3,206,142	\$ 3,218,750
Special Revenue Fund	244,160	52,861	297,021
Debt Service Fund		72,420	72,420
Food Service Fund	66,481	1,186	67,667
Total Financial Assistance	<u>\$ 323,249</u>	<u>\$ 3,332,609</u>	<u>\$ 3,655,858</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FOOD DISTRIBUTION PROGRAM

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. Non-monetary assistance is reported in the schedule at the market value of the commodities received and disbursed. At June 30, 2017, Elk Township School District has food commodities totaling \$1,553 in inventory.

NOTE 6: OTHER

The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2017. 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, 2017.

NOTE 7: INDIRECT COST RATE

The Elk Township School District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 8: ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT MAJOR PROGRAM DETERMINATION

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are excluded from State single audit major program determination. The Schedule of State Financial Assistance provides a reconciliation of State Financial assistance reported in the District's financial statements and the amounts subject to State single audit and major program determination.

ELK TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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 that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to basic financial statements noted? Yes X No

Federal Awards

N/A

Internal control over major programs:

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

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

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

Identification of major programs: N/A

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

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

Auditee qualified as low-risk auditee? Yes No

ELK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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’s Circular 15-08? Yes X No

Identification of major programs:

GMIS Numbers

495-034-5120-089
495-034-5120-078
495-034-5120-084
495-034-5120-085
495-034-5120-068
495-034-5120-096
495-034-5120-098
495-034-5120-097
495-034-5120-101

Name of State Program

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

ELK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section II – Financial Statement Findings

Finding: 2017-001

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

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

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

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

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

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

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

FEDERAL AWARDS

N/A

STATE FINANCIAL ASSISTANCE

None

ELK TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Finding: 2016-001: Two out of five vendors tested were not issued a Form1099 when required.

Current Status: Corrective action was not taken.

Finding: 2016-002: District work papers do not agree with totals on the District Report of Transported Resident Students.

Current Status: Corrective action was taken.