

**SCHOOL DISTRICT**  
**OF**  
**TOWNSHIP OF ELSINBORO**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Township of Elsinboro Board of Education**

**Salem, New Jersey**

**For the Fiscal Year Ended June 30, 2018**

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FINANCIAL REPORT**

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**Salem, New Jersey**

**For the Fiscal Year Ended June 30, 2018**

**Prepared by**

**Elsinboro Township Board of Education**

**Finance Department**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE TOWNSHIP OF ELSINBORO BOARD OF EDUCATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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## **INTRODUCTORY SECTION**



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

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

**Shannon N. DuBois-Brody**  
BA/Board Secretary  
(856) 935-1627 Ext. 112  
FAX: (856) 935-3017

January 23, 2019

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

Dear Board Members:

The comprehensive annual financial report of the Elsinboro Township Public School District for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

**1. REPORTING ENTITY AND ITS SERVICES:**

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

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2017-2018 fiscal year with an enrollment of 125 students, which is 7 less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

**Average Daily Enrollment**

<b><u>Fiscal Year</u></b>	<b><u>Student Enrollment</u></b>	<b><u>Percent Change</u></b>
2017-18	125	(5.30)%
2016-17	132	(7.04)%
2015-16	142	2.16%
2014-15	139	3.73%
2013-14	134	12.6%
2012-13	119	19.0%
2011-12	100	(0.99)%
2010-11	101	2.02%
2009-10	99	(1.98)%
2008-09	101	(6.73)%

**2. ECONOMIC CONDITION AND OUTLOOK:**

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

**3. MAJOR INITIATIVES:**

A. To strive to maintain the present level of educational opportunities for students, staff, parents and community members.

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

B. To improve student achievement through high expectations, frequent monitoring of student progress, updating of curriculum/materials and staff development activities.

1. To achieve yearly individual student growth as determined by the NJDOE in grades 3-8 on the PARCC Assessment Tests.
2. To utilize MAP (Measures of Academic Progress) to track student and teacher progress in reaching individual SGOs (Student Growth Objectives).

3. To increase staff awareness of the NJ Student Learning Standards, the skills tested on the PARCC Assessment Tests, individual student performance on these tests and teaching strategies that are scientifically research based.
4. To continue to implement RTI testing in grades K-5. RTI will help in the diagnosis of educational disabilities. It will allow Elsinboro staff to intervene early to meet the needs of struggling learners. RTI maps those specific instructional strategies found to benefit a particular student.
5. To continue to improve student writing through the use of the Being a Writer program, Reading Wonders, school-wide rubrics based on the New Jersey Holistic Scoring Rubrics, increased writing in every subject area.
6. To continue to update curriculum/materials to reflect the New Jersey Student Learning Standards in all content areas during the 2018-2019 school year.

#### **4. INTERNAL ACCOUNTING CONTROLS:**

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

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

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

#### **5. BUDGETARY CONTROLS:**

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

An encumbrance accounting system is used to record outstanding purchase orders on a line item basis. Open encumbrances at year-end are either canceled or included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2018.

#### **6. ACCOUNTING SYSTEM AND REPORTS:**

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

**7. DEBT ADMINISTRATION:**

At June 30, 2018 and June 30, 2017, the District had no outstanding debt issues.

**8. CASH MANAGEMENT:**

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

**9. RISK MANAGEMENT:**

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

**10. OTHER INFORMATION:**

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

**11. ACKNOWLEDGMENTS:**

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

Respectfully submitted,

*Constance McAllister, CSA*

Constance McAllister, Chief School Administrator

*Shannon N. DuBois-Brody, Bus. Adm.*

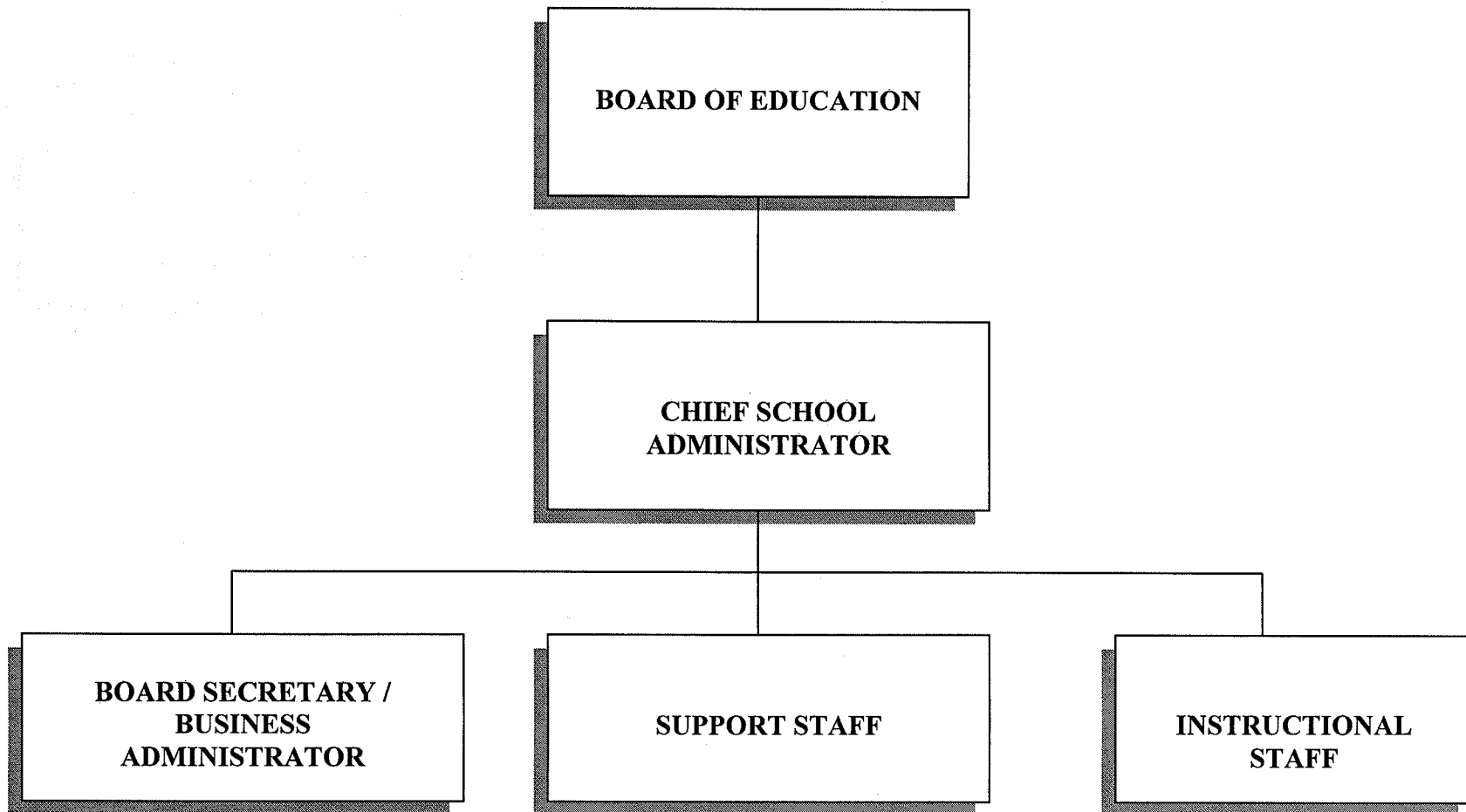
Shannon N. DuBois-Brody, School Business Administrator

**ELSINBORO TOWNSHIP BOARD OF EDUCATION**

**Salem, New Jersey**

**ORGANIZATIONAL CHART**

**(UNIT CONTROL)**



**ELSINBORO TOWNSHIP BOARD OF EDUCATION**  
**SALEM, NEW JERSEY**

**ROSTER OF OFFICIALS**

**JUNE 30, 2018**

<b><u>MEMBERS OF THE BOARD OF EDUCATION</u></b>	<b><u>TERM EXPIRES</u></b>
Kelly Anne Delaney, President	2018
Michael Khairzada, Vice President	2019
Damian Carlson	2020
Kay Weber	2020
Victoria Galasso	2018
Kathleen Sheffield	2019
Jeffrey Stepler	2018
<b><u>OTHER OFFICIALS</u></b>	<b><u>Amount of Bond</u></b>
Constance McAllister, CSA	
Rebecca Joyce, School Business Administrator (to September 30, 2018)	\$150,000
Shannon N. DuBois-Brody, School Business Administrator (from October 1, 2018)	
Frank Cavallo, Solicitor	

**TOWNSHIP OF ELSINBORO BOARD OF EDUCATION**  
**CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

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

**ATTORNEY**

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

**OFFICIAL DEPOSITORY**

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

**INSURANCE AGENCY**

**Conner Strong Insurance Services, Inc**  
PO Box 989  
Marlton, New Jersey 08053

**FINANCIAL SECTION**



# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association*

*Certified Public Accountants*

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

(856) 629-3111  
Fax (856) 728-2245  
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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Elsinboro Township School District in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Elsinboro Township School District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Elsinboro Township Board of Education in the County of Salem, State of New Jersey, as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules related to accounting and reporting for pensions 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 Elsinboro Township School Board of Education's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

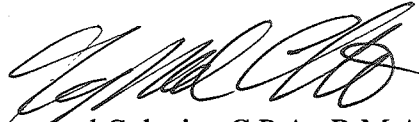
The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated January 23, 2019 on our consideration of the Elsinboro Township Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Elsinboro Township Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governments Auditing Standards* in considering Elsinboro Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**



Raymond Colavita, C.P.A., R.M.A.  
Licensed Public School Accountant

No. 915

January 23, 2019

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

TOWNSHIP OF ELSINBORO SCHOOL DISTRICT  
TOWNSHIP OF ELSINBORO

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

UNAUDITED

The discussion and analysis of Township of Elsinboro Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2018 are as follows:

- ❖ General revenues accounted for \$3,249,761 in revenue or 89.6% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$376,507 or 10.4% percent to total revenues of \$3,626,268.
- ❖ Total Net Position of governmental activities increased by \$310,429 from the previous year.
- ❖ The School District had \$3,311,251 in expenses, of which \$376,507 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$3,249,761 were adequate to provide for these programs.
- ❖ The General Fund had \$2,821,873 in revenues and \$2,421,052 in expenditures. The General Fund's balance increased \$400,821 over 2017. This increase was anticipated by the Board of Education.

**Using this Comprehensive Annual Financial Report (CAFR)**

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

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

## **Reporting the School District as a Whole Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

The analysis of the School District's major (all) funds begins on page 22. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

### **Governmental Funds**

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

### Governmental Funds (Cont'd)

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

### Enterprise Fund

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

### The School District as a Whole

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

Table 1 provides a comparative summary of the School District's Net Position for the years ended in 2018 and 2017.

Table 1  
Net Position

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Current and Other Assets	\$ 1,543,107	\$ 1,154,103
Capital Assets, Net	1,357,925	1,406,381
	<u>2,901,032</u>	<u>2,560,484</u>
<b>Deferred Outflows of Resources</b>	<u>182,652</u>	<u>150,472</u>
<b>Liabilities</b>		
Long-term Liabilities	34,675	14,500
Other Liabilities	369,570	400,576
	<u>404,245</u>	<u>415,076</u>
<b>Deferred Inflows of Resources</b>	<u>80,668</u>	<u>12,126</u>
<b>Net Position</b>		
Invested in Capital Assets, Net of Debt	1,323,250	1,391,881
Restricted	1,245,242	874,562
Unrestricted	30,279	17,311
	<u>2,598,771</u>	<u>2,283,754</u>
<b>Total Net Position</b>	<u>\$ 2,598,771</u>	<u>\$ 2,283,754</u>

Table 2 shows the changes in net position from fiscal years 2018 and 2017.

Table 2  
Changes in Net Position

	2018	2017
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$ 63,434	\$ 70,786
Operating Grants and Contributions	313,073	275,153
General Revenues		
Property Taxes	1,508,188	1,485,885
Grants and Entitlements	1,742,989	1,924,126
Other	(1,416)	2,141
<b>Total Revenues</b>	<b>\$ 3,626,268</b>	<b>\$ 3,758,091</b>
<b>Program Expenses</b>		
Instruction	\$ 958,966	\$ 920,520
Support Services		
Tuition	314,789	338,088
Pupils and Instructional Staff	179,668	183,717
General Administration, School		
Administration, Business	228,392	209,313
Operations and Maintenance of		
Facilities	141,990	134,645
Pupil Transportation	146,076	104,782
Employee Benefits	1,213,667	987,401
Food Service	59,259	58,203
SACC	13,557	13,235
Other	54,887	55,374
<b>Total Expenses</b>	<b>3,311,251</b>	<b>3,005,278</b>
<b>Increase in Net Position</b>	<b>\$ 315,017</b>	<b>\$ 752,813</b>

### Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. The District's total revenues were \$3,626,268 for the fiscal year ended June 30, 2018. Property taxes made up 42.5% percent of revenues for governmental activities for the Township of Elsinboro School District for fiscal year 2018. Federal, state and local grants accounted for \$1,742,989 or another 49.1%. The total cost of all program and services was \$3,311,251. Instruction comprises 29.0% of District expenses.



### Business-Type Activities

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

- ❖ Food service expenses exceeded revenues by \$5,223 and SACC revenues exceeded expenses by \$9,811.
- ❖ Charges for food service were \$18,236. This represents amount paid by patrons for daily food services. SACC revenues were \$23,368.
- ❖ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities, were \$35,800.

### Governmental Activities

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

Table 3

	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017
Instruction	\$ 958,966	\$ 858,753	\$ 920,520	\$ 851,378
Support Services				
Tuition	314,789	314,789	338,088	338,088
Pupils and Instructional Staff	179,668	133,213	183,717	143,317
General Administration, School				
Administration, Business	228,392	228,392	209,313	209,313
Operation and Maintenance of Facilities	141,990	141,990	134,645	134,645
Pupil Transportation	146,076	146,076	104,782	104,782
Employee Benefits	1,213,667	1,061,232	987,401	828,982
Other	54,887	54,887	55,374	55,374
<b>Total Expenses</b>	<b>\$ 3,238,435</b>	<b>\$ 2,939,332</b>	<b>\$ 2,933,840</b>	<b>\$ 2,665,879</b>

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

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

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

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

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

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

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

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

Other includes unallocated depreciation and amortization.

### The School District's Funds

Information about the School District's major funds starts on page 22. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$2,952,388 and expenditures of \$2,551,567. The net positive/negative change in fund balance for the year was most significant in the General Fund, which had an increase of \$400,821 which was attributed to favorable variances in numerous line items.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2018, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2017</u>	<u>Percent/ Increase (Decrease)</u>
Local Sources	\$ 1,512,456	51%	\$ 22,325	1%
State Sources	1,311,627	45%	(369,710)	-22%
Federal Sources	128,305	4%	51,136	66%
Total	<u>\$ 2,952,388</u>	<u>100%</u>	<u>\$ (296,249)</u>	<u>-9%</u>

The increase in Local Sources is attributable to increases in local tax levy of \$22,303 and interest and miscellaneous revenue of \$22.

The decrease in State Sources is attributable to an increase in general fund state aid of \$39,558, which is offset by a decrease in capital projects fund of \$409,268.

The increase in Federal Sources is attributed to increases in various grant awards totaling \$51,136.

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2018.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2017</u>	<u>Percent/ Increase (Decrease)</u>
Current:				
Instruction	\$ 958,966	38%	\$ 38,446	4.2%
Undistributed Expenditures	1,585,290	62%	81,093	5.4%
Capital Outlay	7,311	0%	(1,020,917)	-99.3%
Debt Service:				
Principal		0%	0	0.00%
Interest		0%	0	0.00%
<b>Total</b>	<b>\$ 2,551,567</b>	<b>100%</b>	<b>\$ (901,378)</b>	<b>-26.1%</b>

The increase in Current – Instruction is attributed to increases in regular instruction of \$35,351 and special education instruction of \$3,224, offset by a decrease in other instruction of \$129.

The increase in Current – Undistributed Expenditures is attributed to increases in student and instructional related services of \$3,764, general, school and central administrative services of \$19,079, plant operations and maintenance of \$7,345, pupil transportation of \$41,294 and employee benefits of \$32,910, offset by a decrease in tuition costs of \$23,299.

The decrease in capital outlay of \$1,020,917 is attributed to decreased spending in the capital projects fund of \$1,023,171, offset by increased general fund spending of \$2,254.

### **General Fund Budgeting Highlights**

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

During the course of the fiscal year 2018, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

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

While the District's final budget for the general fund anticipated that revenues would exceed expenditures by \$8,000, the actual results for the year show a \$401,549 increase in fund balance before operating transfers.

- ❖ Actual revenues were \$628 more than expected, due to increases in State Aid of \$870 offset by decreases in local sources of \$242. The net variance of \$276,575 also includes on-behalf pension and social security reimbursements of \$275,947.
- ❖ The actual expenditures were \$392,291 lower than expected, primarily due to variances in most line items of the budget. The net variance of \$116,974 also includes on-behalf pension and social security costs of \$275,947.

### Capital Assets

At the end of the fiscal year 2018, the School District had \$1,357,925 invested in land, buildings, site improvements and machinery and equipment. Table 4 shows fiscal 2018 balances compared to 2017.

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

	<u>2018</u>	<u>2017</u>
Land	\$ 35,442	\$ 35,442
Building and Improvements	1,297,806	1,347,597
Machinery and Equipment	24,677	23,342
Totals	<u>\$ 1,357,925</u>	<u>\$ 1,406,381</u>

Overall capital assets decreased by \$48,456 from fiscal year 2017 to fiscal year 2018. This decrease in capital assets (primarily buildings and improvements and equipment) represented unallocated depreciation expense of \$55,767, offset by net acquisitions in the amount of \$7,311.

### Debt Administration

At June 30, 2018, the School District had \$34,675 in outstanding debt, which represented compensated absences. At June 30, 2018, the School District's overall legal debt margin was \$3,159,423, all of which was available for future projects.

## **For the Future**

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

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

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

## **Contacting the School District's Financial Management**

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

**BASIC FINANCIAL STATEMENTS**

## **DISTRICT WIDE FINANCIAL STATEMENTS**

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

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

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

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 490,592	\$ 33,627	\$ 524,219
Receivables, Net	445,285	1,967	447,252
Restricted Assets:			
Cash and Cash Equivalents	571,636		571,636
Capital Assets, Net (Note 6)	1,356,605	1,320	1,357,925
Total Assets	<u>2,864,118</u>	<u>36,914</u>	<u>2,901,032</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred Pension Outflow	182,652		182,652
Total Deferred Outflows of Resources	<u>182,652</u>		<u>182,652</u>
<b>LIABILITIES</b>			
Accounts Payable	9,525		9,525
Unearned Revenue		1,016	1,016
Net Pension Liability	359,029		359,029
Non-current Liabilities (Note 7):			
Due Within One Year	900		900
Due Beyond One Year	33,775		33,775
Total Liabilities	<u>403,229</u>	<u>1,016</u>	<u>404,245</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred Pension Inflow	80,668		80,668
Total Deferred Inflows of Resources	<u>80,668</u>		<u>80,668</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	1,321,930	1,320	1,323,250
Restricted for:			
Capital Reserve	571,636		571,636
Maintenance Reserve	49,165		49,165
Excess Surplus	554,185		554,185
Other Purposes	70,256		70,256
Unrestricted (Deficit)	(4,299)	34,578	30,279
Total Net Position	<u>\$ 2,562,873</u>	<u>\$ 35,898</u>	<u>\$ 2,598,771</u>

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



**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 817,424		\$ 100,213	\$ (717,211)		\$ (717,211)
Special Education	105,064			(105,064)		(105,064)
Other Instruction	36,478			(36,478)		(36,478)
Support Services:						
Tuition	314,789			(314,789)		(314,789)
Student & Instruction Related Services	179,668	21,830	24,625	(133,213)		(133,213)
General and Business Admin Services	104,310			(104,310)		(104,310)
School Administrative Services	73,933			(73,933)		(73,933)
Central Services	50,149			(50,149)		(50,149)
Plant Operations and Maintenance	141,990			(141,990)		(141,990)
Pupil Transportation	146,076			(146,076)		(146,076)
Employee Benefits	1,213,667		152,435	(1,061,232)		(1,061,232)
Unallocated Depreciation	54,887			(54,887)		(54,887)
Total Governmental Activities	3,238,435	21,830	277,273	(2,939,332)		(2,939,332)
Business-Type Activities:						
Food Service	59,259	18,236	35,800		(5,223)	(5,223)
SACC	13,557	23,368			9,811	9,811
Total Business-Type Activities	72,816	41,604	35,800		4,588	4,588
Total Primary Government	\$3,311,251	\$ 63,434	\$ 313,073	(2,939,332)	4,588	(2,934,744)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				1,508,188		1,508,188
Federal and State Aid Not Restricted				1,742,989		1,742,989
Investment Earnings				1,533		1,533
Miscellaneous Income				525		525
Cancellation of Prior Year Accounts Receivable				(3,474)		(3,474)
Total General Revenues, Special Items, Extraordinary Items and Transfers				3,249,761		3,249,761
Change in Net Position				310,429	4,588	315,017
Net Position—Beginning				2,252,444	31,310	2,283,754
Net Position—Ending				\$ 2,562,873	\$ 35,898	\$ 2,598,771

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

## **FUND FINANCIAL STATEMENTS**

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

**GOVERNMENTAL FUNDS**

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 412,778	\$ 3,000	\$	\$ 415,778
Cash and Cash Equivalents - Capital Reserve	571,636			571,636
Interfund Receivable	373,249			373,249
State Aid Receivable	870		443,505	444,375
Total Assets	\$ 1,358,533	\$ 3,000	\$ 443,505	\$ 1,805,038
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 6,525	\$ 3,000	\$	\$ 9,525
Interfund Payable			373,249	373,249
Total Liabilities	6,525	3,000	373,249	382,774
Fund Balances:				
Restricted for:				
Capital Reserve	571,636			571,636
Maintenance Reserve	49,165			49,165
Excess Surplus	191,140			191,140
Excess Surplus Designated for Subsequent Year's Expenditures	363,045			363,045
Assigned to Encumbrances	29,999			29,999
Assigned to Subsequent Year's Expenditures	522			522
Committed to Capital Projects Fund			70,256	70,256
Unassigned	146,501			146,501
Total Fund Balances	1,352,008		70,256	1,422,264
Total Liabilities and Fund Balances	\$ 1,358,533	\$ 3,000	\$ 443,505	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,225,287 and the accumulated depreciation is \$868,682 (see Note 6).	1,356,605
Deferred Outflow of Resources - Deferred Pension Contribution	182,652
Deferred Inflows of Resources - Pension Actuarial Gains	(80,668)
Long Term Net Pension Liability	(359,029)
Internal Service Funds are reported on the Statement of Net Assets	75,724
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7).	(34,675)
Net Position of governmental activities	\$ 2,562,873

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

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>				
Local Sources:				
Local Tax Levy	\$ 1,508,188	\$	\$	\$ 1,508,188
Interest Earned	1,533			1,533
Miscellaneous	525	2,210		2,735
Total - Local Sources	1,510,246	2,210		1,512,456
State Sources	1,311,627			1,311,627
Federal Sources		128,305		128,305
Total Revenues	2,821,873	130,515		2,952,388
<b>EXPENDITURES</b>				
Current:				
Regular Instruction	717,211	100,213		817,424
Special Education Instruction	105,064			105,064
Other Instruction	36,478			36,478
Support Services:				
Tuition	314,789			314,789
Student & Instruction Related Services	139,250	24,625		163,875
General Administrative Services	104,310			104,310
School Administrative Services	73,933			73,933
Central Services	50,149			50,149
Plant Operations and Maintenance	141,990			141,990
Pupil Transportation	146,076			146,076
Employee Benefits	584,491	5,677		590,168
Capital Outlay	7,311			7,311
Total Expenditures	2,421,052	130,515		2,551,567
Excess (Deficiency) of Revenues over Expenditures	400,821			400,821
<b>OTHER FINANCING SOURCES (USES)</b>				
Total Other Financing Sources and Uses				
Net Change in Fund Balances	400,821			400,821
Fund Balance—July 1	951,187		70,256	1,021,443
Fund Balance—June 30	\$ 1,352,008	\$	\$ 70,256	\$ 1,422,264

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

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<b>Total net change in fund balances - governmental funds (from B-2)</b>		<b>\$ 400,821</b>
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	\$ (54,887)	
Capital Outlays	7,311	
		(47,576)
Pension Contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.		
		(25,204)
Increase in Internal Service Fund Balance		2,563
Increase in Compensated Absences		(20,175)
<b>Change in net position of governmental activities (A-2)</b>		<b>\$ 310,429</b>

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

**PROPRIETARY FUNDS**

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2018**

	<b>Business-type Activities -</b>			<b>Governmental</b>
	<b>Enterprise Funds</b>			<b>Activities -</b>
	<b>SACC</b>	<b>Food Service</b>	<b>Totals</b>	<b>Internal Service Fund</b>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 26,973	\$ 6,654	\$ 33,627	\$ 74,814
Federal and State Aid Receivable		1,608	1,608	910
Accounts Receivable	359		359	
Total Current Assets	<u>27,332</u>	<u>8,262</u>	<u>35,594</u>	<u>75,724</u>
Fixed Assets:				
Equipment		4,400	4,400	
Accumulated Depreciation		(3,080)	(3,080)	
Total Fixed Assets		<u>1,320</u>	<u>1,320</u>	
Total Assets	<u>27,332</u>	<u>9,582</u>	<u>36,914</u>	<u>75,724</u>
<b>LIABILITIES AND FUND EQUITY:</b>				
Current Liabilities:				
Unearned Revenue	98	918	1,016	
Total Current Liabilities	<u>98</u>	<u>918</u>	<u>1,016</u>	
<b>NET POSITION</b>				
Investment in Fixed Assets		1,320	1,320	
Unrestricted	27,234	7,344	34,578	75,724
Total Net Position	<u>27,234</u>	<u>8,664</u>	<u>35,898</u>	<u>75,724</u>
Total Liabilities and Fund Equity	<u>\$ 27,332</u>	<u>\$ 9,582</u>	<u>\$ 36,914</u>	<u>\$ 75,724</u>

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



**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Business-type Activities - Enterprise Fund			Governmental Activities - Internal Service Fund
	SACC	Food Service	Total Enterprise	
Operating Revenues:				
Charges for Services:				
Daily Sales - Reimbursable Programs	\$	\$ 12,929	\$ 12,929	
Non-reimbursable Sales		5,307	5,307	
Program Fees	23,368		23,368	
Transportation				21,830
<b>Total Operating Revenue:</b>	<b>23,368</b>	<b>18,236</b>	<b>41,604</b>	<b>21,830</b>
Operating Expenses:				
Cost of Sales - Reimbursable Programs		39,687	39,687	
Cost of Sales - Non Reimbursable Programs		3,930	3,930	
Salaries	10,746	10,811	21,557	
Depreciation		880	880	
Transportation				15,793
Other	742	3,569	4,311	
Supplies and Materials	2,069	382	2,451	
<b>Total Operating Expenses</b>	<b>13,557</b>	<b>59,259</b>	<b>72,816</b>	<b>15,793</b>
<b>Operating (Loss) Income</b>	<b>9,811</b>	<b>(41,023)</b>	<b>(31,212)</b>	<b>6,037</b>
Non-operating Revenues (Expenses):				
State Sources:				
State School Lunch Program		577	577	
Federal Sources:				
National School Lunch Program		25,597	25,597	
National School Breakfast Program		6,185	6,185	
Food Distribution Program		3,441	3,441	
<b>Total Non-operating Revenues (Expenses)</b>		<b>35,800</b>	<b>35,800</b>	
<b>(Loss) Income Before Transfers</b>	<b>9,811</b>	<b>(5,223)</b>	<b>4,588</b>	<b>6,037</b>
Cancellation of Prior Year Accounts Receivable				(3,474)
<b>Change in Net Position</b>	<b>9,811</b>	<b>(5,223)</b>	<b>4,588</b>	<b>2,563</b>
<b>Total Net Position—Beginning</b>	<b>17,423</b>	<b>13,887</b>	<b>31,310</b>	<b>73,161</b>
<b>Total Net Position—Ending</b>	<b>\$ 27,234</b>	<b>\$ 8,664</b>	<b>\$ 35,898</b>	<b>\$ 75,724</b>

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

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Fund</u>
	<u>SACC</u>	<u>Food Service</u>	<u>Total Enterprise</u>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	\$ 23,368	\$ 18,236	\$ 41,604	\$ 21,830
Payments to Employees	(10,746)	(10,811)	(21,557)	
Payments to Suppliers	(2,529)	(47,158)	(49,687)	(14,013)
Net Cash Provided by (Used for) Operating Activities	#####	(39,733)	(29,640)	7,817
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
State Sources		577	577	
Federal Sources		35,223	35,223	
Net Cash Provided by (Used for) Non-capital Financing Activities		35,800	35,800	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Net Cash Provided by (Used for) Capital and Related Financing Activities				
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and Dividends				
Net Cash Provided by (Used for) Investing Activities				
Net Increase/(Decrease) in Cash and Cash Equivalents	10,093	(3,933)	6,160	7,817
Balances—Beginning of Year	16,880	10,587	27,467	66,997
Balances—End of Year	\$ 26,973	\$ 6,654	\$ 33,627	\$ 74,814
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ 9,811	\$ (41,023)	\$ (31,212)	\$ 6,037
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Depreciation and Net Amortization		880	880	
Cancellation of Prior Year Accounts Receivable				(3,474)
Decrease/(Increase) in Accounts Receivable, Net	184	(151)	33	5,254
Increase/(Decrease) in Unearned Revenue	98	561	659	
Total Adjustments	282	1,290	1,572	1,780
Net Cash Provided by (Used for) Operating Activities	\$ 10,093	\$ (39,733)	\$ (29,640)	\$ 7,817

Noncash Noncapital Financing Activities:

During the year, the District received \$3,441 of food commodities from the U. S. Department of Agriculture

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

**FIDUCIARY FUNDS**

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2018**

	<b><u>Unemployment Compensation Trust</u></b>	<b><u>Agency Fund</u></b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 17,520	\$ 5,516
Total Assets	<u>17,520</u>	<u>5,516</u>
<b>LIABILITIES</b>		
Payable to Student Groups		5,516
Total Liabilities		<u>\$ 5,516</u>
<b>NET POSITION</b>		
Held in Trust for Unemployment Claims and Other Purposes	\$ <u>17,520</u>	

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

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Unemployment Compensation Trust</u>
<b>ADDITIONS</b>	
Contributions:	
Plan Member	\$ 2,341
	<hr/>
Total Contributions	2,341
Investment Earnings:	
Interest	24
	<hr/>
Total Additions	2,365
	<hr/>
<b>DEDUCTIONS</b>	
Quarterly Contribution Reports	
Unemployment Claims	63
	<hr/>
Total Deductions	63
	<hr/>
Change in Net Position	2,302
Net Position—Beginning of the Year	15,218
	<hr/>
Net Position—End of the Year	\$ 17,520
	<hr/> <hr/>

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

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

**A. Reporting Entity:**

The Elsinboro School District is a Type II District located in the County of Salem, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of seven members elected to three-year terms. These terms are staggered so that two or three members' terms expire each year. The purpose of the District is to educate students in grades K-8. The Elsinboro School District had an approximate enrollment at June 30, 2018 of 134 students.

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

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

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

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

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**New Accounting Standards:**

The School District has adopted the following GASB statements:

- GASB No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*: The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The requirements of this Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 75 will impact the financial statements of the School District.
- GASB No. 85 - *Omnibus 2017*: The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 85 is not expected to impact the financial statements of the School District.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**New Accounting Standards (Continued):**

- GASB No. 86 - *Certain Debt Extinguishment Issues*: The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of Statement will be effective for reporting periods beginning after June 15, 2017. The adoption of GASB 86 is not expected to impact the financial statements of the School District.

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

- GASB No. 83 - *Certain Asset Retirement Obligations*: This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of Statement will be effective for reporting periods beginning after June 15, 2018. Management is evaluating the potential impact of the adoption of GASB 83 on the School District's financial statements.
- GASB No. 84 - *Fiduciary Activities*: The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of Statement will be effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 84 on the School District's financial statements.
- GASB No. 87 - *Leases*: The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of Statement will be effective for reporting periods beginning after periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 87 on the School District's financial statements.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**New Accounting Standards (Continued):**

- **GASB No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements:*** The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management is evaluating the potential impact of the adoption of GASB 88 on the School District's financial statements.
  
- **GASB No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period:*** The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management is evaluating the potential impact of the adoption of GASB 89 on the School District's financial statements.
  
- **GASB Statement - No. 90 - *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61:*** The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method.



**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**New Accounting Standards (Continued):**

This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management is evaluating the potential impact of the adoption of GASB 90 on the School District's financial statements.

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

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

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

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

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

**B. Fund Accounting:** The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**B. Fund Accounting (Continued):** The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds and accounts are grouped in the financial statements in this report as follows:

**GOVERNMENTAL FUNDS**

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

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

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

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

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

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

**PROPRIETARY FUNDS**

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

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

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**B. Fund Accounting (Continued):**

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

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

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

Food Service Fund:	
Equipment	12 Years

**Internal Service Fund** - The Internal Service Fund has been established to account for transportation services provided by the Elsinboro Township School District to various other Districts for several students. Services are generally provided on a cost-reimbursement basis.

**FIDUCIARY FUNDS**

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

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

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

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

**C. Basis of Accounting and Measurement Focus:** Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

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

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**C. Basis of Accounting and Measurement Focus (Continued):**

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

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

**D. Budgets/Budgetary Control:**

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

Formal budgetary integration into the accounting system is a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below.

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

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

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**E. Encumbrance Accounting:**

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

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

**F. Tuition Receivable:**

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

**G. Tuition Payable:**

Tuition charges for the fiscal years 2015-16, 2016-17, and 2017-18 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**H. Short-Term Interfund Receivables/Payables:**

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

**I. Inventories and Prepaid Expenses:**

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

On District-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

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

Inventories - On District-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expended when used. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017. There was no inventory in the Food Service Fund at June 30, 2018.

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

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**J. Assets, Liabilities and Equity (Continued):**

Capital Assets - General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed prior to June 30, 2018 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the general fixed assets account group. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Assets in the general fixed assets account group are not depreciated.

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

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

**K. Compensated Absences:**

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

**L. Unearned Revenue:**

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

**M. Operating Revenues and Expenses:**

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

**N. Allocation of Indirect Expenses:**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are not reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**N. Allocation of Indirect Expenses (Continued):**

Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**O. Extraordinary and Special Items:**

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

**P. Lease Acquisition Costs:**

As part of any long-term lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be expensed when incurred in accordance with GASB Statement No. 65. There were no such leases for the year ended June 30, 2018.

**Q. Fund Equity:**

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

**R. Comparative Data/Reclassifications:**

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

**S. Management Estimates:**

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

**T. Accrued Liabilities and Long-term Obligations:**

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

**U. Net Position:**

Net Position represents the difference between assets and liabilities. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**U. Net Position (Continued):**

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**V. Fund Balance Reserves:**

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

**W. Revenues – Exchange and Non-exchange Transactions:**

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

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

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

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

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

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

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



**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. As of June 30, 2018, the District had no funds on deposit with the New Jersey Cash Management.

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

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

All public depositories must pledge collateral, having a market value at least equal to 5% of the average daily balance of collected public funds on deposit, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to Governmental Units.

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

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

As of June 30, 2017, cash and cash equivalents in the fund financial statements of the District consisted of the following:

	<b>Cash and Cash Equivalents</b>
Checking Accounts	\$ 1,118,891
Total	\$ 1,118,891

**Custodial Credit Risk:** Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA).

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**Custodial Credit Risk (Continued):** GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. The District does not place a limit on the amount that may be invested in any one issuer.

As of June 30, 2018, the District's bank balance of \$1,221,467 was insured or collateralized as follows:

Insured by Depository Insurance	\$ 250,000
Collateralized under GUDPA	971,467
Total	\$ <u>1,221,467</u>

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

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

**NOTE 4. CAPITAL RESERVE ACCOUNT**

A capital reserve account may be established by New Jersey school districts for the accumulation of funds for capital outlay expenditures in subsequent fiscal years. The Capital Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Post-April 2005 transfers must be in compliance with P.L.2005, C73 (S1701). Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support cost of uncompleted capital projects of \$797,075, as shown in its approved LRFP.

The District transferred \$ 179,000 to a capital reserve account during the 2017-18 fiscal school year resulting in a balance as of June 30, 2018 of \$571,636.

**NOTE 5. OPERATING LEASES**

As of the audit date, the District has commitments to lease two copiers under operating leases that expire in 2021. The District has the following lease payments remaining for their copiers:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 4,670
2020	4,670
2021	4,670
Total	\$ <u>14,009</u>

The total operating lease payments made during the year ended June 30, 2018 were \$4,411.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Retired</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
<b>Capital Assets That are Not Being Depreciated:</b>				
Land	\$ 35,442			\$ 35,442
<b>Total Capital Assets Not Being Depreciated</b>	<b>35,442</b>			<b>35,442</b>
Land Improvements	73,652		\$ (2,523)	71,129
Building and Building Improvements	2,049,779			2,049,779
Machinery and Equipment	66,927	7,311	(5,301)	68,937
<b>Totals at Historical Cost</b>	<b>2,190,358</b>	<b>7,311</b>		<b>2,189,845</b>
<b>Less Accumulated Depreciation for:</b>				
Land Improvements	(69,597)	(386)	2,523	(67,460)
Building and Improvements	(706,237)	(49,405)		(755,642)
Machinery and Equipment	(45,785)	(5,096)	5,301	(45,580)
<b>Total Accumulated Depreciation</b>	<b>(821,619)</b>	<b>(54,887)</b>		<b>(868,682)</b>
<b>Total Capital Assets Being Depreciated, Net of Accumulated Depreciation</b>	<b>1,368,739</b>	<b>(47,576)</b>		<b>1,321,163</b>
<b>Government Activities Capital Assets, Net</b>	<b>\$ 1,404,181</b>	<b>\$ (47,576)</b>		<b>\$ 1,356,605</b>
				<b>To A-1</b>
Business-type Activities - Equipment	\$ 4,400			\$ 4,400
Less Accumulated Depreciation	(2,200)	(880)		(3,080)
<b>Business-type activities capital assets, net</b>	<b>\$ 2,200</b>	<b>\$ (880)</b>		<b>\$ 1,320</b>
Depreciation expense was charged to governmental functions as follows:				
				\$ 54,887

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 7. GENERAL LONG-TERM DEBT**

During the fiscal year ended June 30, 2018, the following changes occurred in long-term obligations:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due within</u> <u>One Year</u>	<u>Long-term</u> <u>Portion</u>
<b>Governmental Activities:</b>						
Loans Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Loans Payable						
<b>Other Liabilities:</b>						
Compensated Absences Payable	14,500	19,425	750	34,675	900	33,775
Total Other Liabilities	<u>\$ 14,500</u>	<u>\$ 19,425</u>	<u>\$ 750</u>	<u>\$ 34,675</u>	<u>\$ 900</u>	<u>\$ 33,775</u>

To A-1

**A. Bonds Payable** – Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. As the final bond payment was made during the 2013-14 school year, there is no Principal or Interest due subsequent to June 30, 2018.

**B. Bonds Authorized But Not Issued** – As of June 30, 2018, the District had no authorized but not issued bonds.

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

**NOTE 8. PENSION PLANS**

**Description of Plans** - All required employees of the School District are covered by either the Public Employees' Retirement System (PERS) or the Teachers' Pension and Annuity Fund (TPAF) which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. For additional information about PERS or TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.nj.gov/treasury/pensions/financial-reports.shtml>.

The following represents the membership tiers for PERS and TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who are enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008.
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010.
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011.
5	Members who were eligible to enroll on or after June 28, 2011.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 8. PENSION PLANS (CONT'D)**

**Public Employees' Retirement System**

The PERS is a cost sharing multiple-employer defined benefit pension plan that was established in 1955. The PERS provides retirement, death and disability, and medical benefits to qualified members. The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service or under the disability provisions of PERS.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Contributions** - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 7.34% of employees' annual compensation through June 30, 2018. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 13.37% of covered payroll. The District's contributions to PERS for the years ended June 30, 2018, and 2017, were \$14,979 and \$11,356 respectively, equal to the required contributions for each year. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The total payroll for the year ended June 30, 2018 was \$1,131,898. Payroll covered by PERS was \$121,104 for fiscal year 2018. Contributions to the system for the year ended June 30, 2018 were as follows:

	<u>PERS</u>
Employees	\$ 8,888
District	<u>14,979</u>
Total	<u>\$ 23,867</u>

The District is billed annually for its normal contribution plus any accrued liability. These contributions were equal to the required contributions for 2018, as follows:

<u>Public Employees Retirement System</u>					
<u>Fiscal</u>	<u>Normal</u>	<u>Accrued</u>	<u>Total</u>	<u>Funded by</u>	<u>Paid by</u>
<u>Year</u>	<u>Contribution</u>	<u>Liability</u>	<u>Liability</u>	<u>State</u>	<u>District</u>
2018	\$ 1,881	\$ 11,711	\$ 14,979	\$ N/A	\$ 14,979

**Components of Net Pension Liability** - At June 30, 2018, the District's proportionate share of the PERS net pension liability was \$359,029. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, to the measurement date of June 30, 2017. The District's proportion of the net pension liability was based on the District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The District's proportion measured as of June 30, 2017 was 0.001542% which was an increase of 0.00029% from its proportion measured as of June 30, 2016.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 8. PENSION PLANS (CONT'D)**

**Public Employees' Retirement System (Continued)**

**Pension Expense and Deferred Outflows/Inflows of Resources** - The District's 2018 PERS pension expense, with respect to GASB 68, was \$43,115. The District's 2018 deferred outflows of resources and deferred inflows of resources were from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,454	\$
Changes of assumptions	72,332	72,067
Net difference between projected and actual earnings on pension plan investments	2,445	
Changes in proportion	84,442	8,601
Contributions subsequent to the measurement date	14,979	
<b>Total</b>	<u>\$ 182,652</u>	<u>\$ 80,668</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>		<u>PERS</u>
2018	\$	19,794
2019		27,360
2020		24,368
2021		9,024
2022		6,459
Thereafter		
<b>Total</b>	<b>\$</b>	<u><b>87,005</b></u>

**Additional Information** - Collective Balances at June 30, 2018 and 2017 are as follows:

<u>Year</u>		<u>6/30/2018</u>		<u>6/30/2017</u>
Collective deferred outflows of resources	\$	182,652	\$	150,472
Collective deferred inflows of resources	\$	80,668	\$	12,126
Collective Net Pension Liability	\$	359,029	\$	370,187
District's Proportion		0.001542%		0.001250%

**Actuarial Assumptions** - The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Measurement Date	June 30, 2017
Actuarial Valuation Date	July 1, 2016
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Inflation	2.25%

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 8. PENSION PLANS (CONT'D)**

**Public Employees' Retirement System (Continued)**

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement 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, 2016 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.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

PERS		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Client oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
<b>Total</b>	<b>100.00%</b>	

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 8. PENSION PLANS (CONT'D)**

**Public Employees' Retirement System (Continued)**

**Discount Rate** - The discount rate as of June 30, 2017 used to measure the total pension liability was 5.00% for PERS. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate** - The following presents the collective net pension liability of the participating employers as of June 30, 2017, calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	1% Decrease (4.00%)	Current Discount (5.00%)	1% Increase (6.00%)
District's proportionate share of the net pension liability	\$ 445,400	\$ 359,029	\$ 287,071

**Teachers' Pension and Annuity Fund**

The TPAF was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer defined benefit pension 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.

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

**Contributions** - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability.



**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 8. PENSION PLANS (CONT'D)**

**Teachers' Pension and Annuity Fund (Continued)**

Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2017, the State's pension contribution was less than the actuarial determined amount. Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the District and all other related non-contributing employers. No normal or accrued liability contribution by the District has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions.

The District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2018 because of the 100% special funding situation with the State of New Jersey.

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

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/18	\$ 128,993	100 %	\$ N/A
6/30/17	149,485	100	N/A
6/30/16	149,485	100	N/A

During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$128,993 to the TPAF for pension contributions, \$83,314 for post-retirement benefits on behalf of the School, and \$196 for long-term disability. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$63,444 during the year ended June 30, 2018 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

**Components of Net Pension Liability** - At June 30, 2018, the District was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the District. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at a fair value.

**Pension Expense** - For the year ended June 30, 2018, the District recognized pension expense of \$443,810 and revenue of \$443,810 for support provided by the State.

**Actuarial Assumptions** - The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>TPAF</u>
Measurement Date	June 30, 2017
Actuarial Valuation Date	July 1, 2016
Investment Rate of Return	7.00%
Salary Scale (Based on Age):	
Through 2026	Varies based
Thereafter	on experience
Inflation	2.25%

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 8. PENSION PLANS (CONT'D)**

**Teachers' Pension and Annuity Fund (Continued)**

**Long-Term Expected Rate of Return** - Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	TPAF Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
US Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Client oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
Total	100.00%	

**Discount Rate** - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate** – As indicated above, TPAF has a special funding situation where the State pays 100% of the District's annual required contribution.

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

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**General Information about the OPEB Plan**

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14- 17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Employees covered by benefit terms. At June 30, 2018, the following employees were covered by the benefit terms:

TPAF participant retirees

As of June 30, 2017, there were 112,966 retirees receiving post retirement medical benefits and the State contributed \$1.39 billion on their behalf.

PERS participant retirees

The state paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

**Basis of Presentation**

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)(CONT'D)**

**Total OPEB Liability**

The State of New Jersey's total OPEB liability, as of the measurement date of June 30, 2017, was \$53,639,841,858. Of this amount, the total OPEB liability attributable to the School District was \$4,539,793. The State of New Jersey's proportionate share of the total OPEB liability is 100%, including the proportion attributable to the School District of 0.00846%. The total OPEB liability for the School District measured as of June 30, 2017 is zero as a result of the Special Funding Situation with the State of New Jersey. The School District's proportionate share of the total OPEB liability measured as of June 30, 2017 is 0.00%. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

**Total Nonemployer OPEB Liability**

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<b>TPAF/ABP</b>	<b>PERS</b>
Inflation Rate	2.50%	2.50%
	Based on	Based on
Salary Increases:	Years of Service	Age
Through 2026	1.55% - 4.55%	2.15% - 4.15%
Thereafter	2.00% - 5.45%	3.15% - 5.15%

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount- Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount- Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

**Health Care Trend Assumptions**

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

**Discount rate**

The discount rate for June 30, 2017 was 3.58%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**

**Changes in the Total OPEB Liability**

		<b><u>Total OPEB Liability</u></b>
<b>Balance as of June 30, 2016 Measurement Date</b>	\$	<u>4,814,073</u>
Changes for the year:		
Service cost		258,206
Interest cost		143,127
Changes of benefit terms		
Differences between expected and actual experience		
Changes in assumptions or other inputs		(574,334)
Member contributions		3,872
Gross benefit payments		<u>(105,151)</u>
<b>Net changes</b>		<u>(274,280)</u>
<b>Balance as of June 30, 2017 Measurement Date</b>	\$	<u><u>4,539,793</u></u>

**Sensitivity of Total Nonemployer OPEB Liability to changes in the discount rate:**

The following presents the total nonemployer OPEB liability as of June 30, 2017, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

<b><u>June 30, 2017</u></b>			
	<u>At 1.00% Decrease</u>	<u>At Discount Rate</u>	<u>At 1.00% Increase</u>
	2.58%	3.58%	4.58%
\$	63,674,362,200	53,639,841,858	45,680,364,953

**Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:**

The following presents the total nonemployer OPEB liability as of June 30, 2017, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

<b><u>June 30, 2017</u></b>			
	<u>1.00% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
\$	44,113,584,560	53,639,841,858	66,290,599,457

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONT'D)**

**OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the School District recognized OPEB expense of \$346,617. The School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$	\$
Changes of assumptions		536,903
Net difference between projected and actual earnings on OPEB plan investments		
Changes in proportion	63,612	
Contributions subsequent to the measurement date		
<b>Total</b>	<b>\$ 63,612</b>	<b>\$ 536,903</b>

**OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

Measurement Period Ending June 30,		OPEB
2018	\$	56,279
2019		56,279
2020		56,279
2021		56,279
2022		56,279
Thereafter		199,228
<b>Total</b>	<b>\$</b>	<b>480,623</b>

**Special Funding Situation**

The participating local education employer allocations included in the supplemental Schedule of special funding amounts by employer are provided as each local education employer is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation and to include their respective amount of total OPEB liability in their notes to their financial statements. The total OPEB liability and service cost for each employer was determined separately based on actual data for each employer's participants.

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 10. COMPENSATED ABSENCES**

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, a liability existed for compensated absences in the General Fund of \$34,675 and none in the Food Service Fund.

**NOTE 11. DEFERRED COMPENSATION**

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

**NOTE 12. RISK MANAGEMENT**

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

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

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

**New Jersey Unemployment Compensation Insurance (Continued)**- The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and prior two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018	\$	\$ 2,365	\$ 63	\$ 17,520
2016-2017		2,270	74	15,218
2015-2016		2,191	69	13,022

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 13. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2018:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 373,249	\$
Capital Projects Fund		373,249
Total	\$ <u>373,249</u>	\$ <u>373,249</u>

**NOTE 14. INVENTORY**

As all meals are received by satellite from a neighboring school district, there is no inventory in the food service fund as of June 30, 2018.

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

**NOTE 15. FUND BALANCE APPROPRIATED**

**General Fund** – Of the \$1,352,008 General Fund balance at June 30, 2018, \$554,185 was restricted as excess surplus at June 30, 2018 in accordance with N.J.S.A. 18A:7F-7; (\$363,045 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2019); \$29,999 is Assigned for Encumbrances payable, \$571,636 is restricted for Capital Reserve Fund, of which \$0 has been appropriated and included as anticipated revenue for the year ending June 30, 2019; \$49,165 is restricted for Maintenance Reserve; \$522 has been appropriated and included as anticipated revenue for the year ending June 30, 2019 and \$146,501 is unreserved and undesignated.

**Debt Service Fund** – The Debt Service fund had no fund balance at June 30, 2018.

**NOTE 16. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2005, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey School Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There was \$554,185 in excess fund balance at June 30, 2018, of which \$363,045 was appropriated in the 2018-19 budget and \$191,140 is to be appropriated in the 2019-20 budget.

**NOTE 17. LITIGATION**

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



**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 18. DEFICIT FUND BALANCES**

The District did not have any deficits of fund balance in the General or Special Revenue Fund as of June 30, 2017, as reported in the fund statements (modified accrual basis). N.J.S.A. 18A: 22-44.2 provides that in the event a state school aid payment is not made until the following school year, districts must record the last state aid payment as revenue, for budgeted purposes only, in the current budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry i.e. if one government recognizes as asset, the other government recognizes a liability. Since the state is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, a deficit does not alone indicate that the District is facing financial difficulties.

**NOTE 19. TAX ABATEMENT**

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.

**NOTE 20. SUBSEQUENT EVENTS**

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

End of Notes to Financial Statements

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**BUDGETARY COMPARISON SCHEDULES**

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 1,508,188		\$ 1,508,188	\$ 1,508,188	
Interest on Investments-Capital Reserve	300		300	540	240
Interest on Investments				993	993
Miscellaneous	2,000		2,000	525	(1,475)
<b>Total - Local Sources</b>	<b>1,510,488</b>		<b>1,510,488</b>	<b>1,510,246</b>	<b>(242)</b>
State Sources:					
Equalization Aid	318,391		318,391	318,391	
Special Education Categorical Aid	71,518		71,518	71,518	
Security Aid	21,003		21,003	21,003	
Adjustment Aid	80,596		80,596	80,596	
Categorical Transportation Aid	55,004		55,004	55,004	
School Choice Aid	469,345		469,345	469,345	
Under Adequacy Aid	4,066		4,066	4,066	
Prof Learning Comm Aid	1,540		1,540	1,540	
Additional Adjustment Aid	10,915		10,915	10,915	
PARCC Readiness Aid	1,580		1,580	1,580	
Per Pupil Growth Aid	1,580		1,580	1,580	
Non-public Transportation Aid				870	870
On-behalf TPAF Post - Retire Medical (non-budgeted)				83,314	83,314
On-behalf TPAF Pension Contributions (non-budgeted)				128,993	128,993
On-behalf TPAF Long-term Disability Contributions (non-budgeted)				196	196
Reimbursement TPAF Social Security Contributions (non-budgeted)				63,444	63,444
<b>Total - State Sources</b>	<b>1,035,538</b>		<b>1,035,538</b>	<b>1,312,355</b>	<b>276,817</b>
<b>TOTAL REVENUES</b>	<b>\$ 2,546,026</b>		<b>\$ 2,546,026</b>	<b>\$ 2,822,601</b>	<b>\$ 276,575</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
Instruction - Regular Programs:					
Salaries of Teachers:					
Preschool/Kindergarten	\$ 75,258		\$ 75,258	\$ 74,494	\$ 764
Grades 1-5	375,377	3,200	378,577	375,340	3,237
Grades 6-8	228,175	(19,200)	208,975	206,755	2,220
Home Instruction:					
Salaries of Teachers	3,000		3,000		3,000
Purchased Professional - Educational Services	550		550		550
Undistributed Instruction - Regular					
Purchased Professional - Educational Services	19,000	(12,000)	7,000		7,000
Other Purchased Services	24,501		24,501	17,791	6,710
General Supplies	46,817		46,817	41,718	5,099
Textbooks	1,000		1,000		1,000
Other Objects	1,300		1,300	1,113	187
<b>Total Regular Programs</b>	<b>774,978</b>	<b>(28,000)</b>	<b>746,978</b>	<b>717,211</b>	<b>29,767</b>

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>EXPENDITURES: (Continued)</b>					
<b>CURRENT EXPENSES: (Continued)</b>					
Special Education:					
Resource Room:					
Salaries of Teachers	\$ 105,956	\$	\$ 105,956	\$ 104,823	\$ 1,133
General Supplies	300		300	241	59
Total Resource Room	106,256		106,256	105,064	1,192
<b>TOTAL SPECIAL EDUCATION</b>	<b>106,256</b>		<b>106,256</b>	<b>105,064</b>	<b>1,192</b>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	38,670		38,670	34,953	3,717
General Supplies	500		500		500
Total Basic Skills/Remedial - Instruction	39,170		39,170	34,953	4,217
School - Sponsored Co curricular Activities - Instruction:					
Salaries	1,000	1,000	2,000	1,525	475
Total School - Sponsored Co curricular Activities - Instruction	1,000	1,000	2,000	1,525	475
<b>Total Instruction</b>	<b>921,404</b>	<b>(27,000)</b>	<b>894,404</b>	<b>858,753</b>	<b>35,651</b>
Undistributed Expenditures:					
Instruction:					
Tuition - Other LEA's within State-Regular	192,107		192,107	192,107	
Tuition - Other LEA's within State-Special	30,114	(6,612)	23,502	11,000	12,502
Tuition - County Voc School Districts-Regular	86,482		86,482	75,600	10,882
Tuition - CSSD & Regional Day Schools	47,585		47,585	34,760	12,825
Tuition - Private Schools for Disabled within State		1,322	1,322	1,322	
Total Undistributed Expenditures - Instruction	356,288	(5,290)	350,998	314,789	36,209
Attendance and Social Work Services					
Salaries	11,026		11,026	10,501	525
Purchased Professional and Technical Services	1,755		1,755	602	1,153
Total Attendance and Social Work Services	12,781		12,781	11,103	1,678
Health Services:					
Salaries	58,159	50	58,209	58,206	3
Purchased Professional and Technical Services	2,500		2,500	2,500	
Other Purchased Services	250		250	53	197
Supplies and Materials	1,100	(50)	1,050	760	290
Total Health Services	62,009		62,009	61,519	490

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original</u> <u>Budget</u>	<u>Budget</u> <u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Final to Actual</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>EXPENDITURES: CURRENT EXPENSES (Continued)</b>					
Undistributed Expenditures: (Continued)					
Other Support Services- Student- Related Services					
Purchased Professional- Educational Services	\$ 36,000	\$ (8,000)	\$ 28,000	\$ 10,586	\$ 17,414
Supplies and Materials	300		300		300
<b>Total Undist. Expend.- Other Supp Serv Student- Related Services</b>	<b>36,300</b>	<b>(8,000)</b>	<b>28,300</b>	<b>10,586</b>	<b>17,714</b>
Special Education - Extraordinary Services:					
Salaries	36,078	(10,500)	25,578	585	24,993
<b>Total Undist. Expend. - Other Supp. Serv. - Extra. Services</b>	<b>36,078</b>	<b>(10,500)</b>	<b>25,578</b>	<b>585</b>	<b>24,993</b>
Guidance:					
Other Purchased Professional and Technical Services					
<b>Total Guidance</b>					
Child Study Team:					
Purchased Professional-Educational Services	39,000	10,500	49,500	45,556	3,944
Other Purchased Professional & Technical Services	800		800		800
<b>Total Child Study Team</b>	<b>39,800</b>	<b>10,500</b>	<b>50,300</b>	<b>45,556</b>	<b>4,744</b>
Improvement of Instruction Services/Other Support:					
Salaries of Secretarial and Clerical Assistants	500		500		500
Supplies & Materials					
<b>Total Improvement of Instruction Services/Other Support</b>	<b>500</b>		<b>500</b>		<b>500</b>
Educational Media Services - School Library					
Salaries	6,000		6,000	4,464	1,536
<b>Total Educational Media Services - School Library:</b>	<b>6,000</b>		<b>6,000</b>	<b>4,464</b>	<b>1,536</b>
Instructional Staff Training Services:					
Purchased Professional - Educational Services	3,000	(3,000)			
Other Purchased Services	2,800	3,000	5,800	5,437	363
<b>Total Instructional Staff Training Services</b>	<b>5,800</b>		<b>5,800</b>	<b>5,437</b>	<b>363</b>

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original</u> <u>Budget</u>	<u>Budget</u> <u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Final to Actual</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>EXPENDITURES: (Continued)</b>					
<b>CURRENT EXPENSES: (Continued)</b>					
Undistributed Expenditures: (Continued)					
Support Services General Administration:					
Salaries	\$ 64,418	\$ (2,490)	\$ 61,928	\$ 61,920	\$ 8
Legal Services	2,500	6,590	9,090	9,005	85
Audit Fees	12,000	(550)	11,450	11,450	
Other Purchased Professional Services	3,300		3,300	2,875	425
Communications - Telephone	6,425	(900)	5,525	5,495	30
BOE Other Purchased Services	4,500	(4,100)	400	256	144
Other Purchased Services	9,541	1,790	11,331	10,033	1,298
General Supplies	800	(530)	270	266	4
Miscellaneous Expenditures	1,615	(110)	1,505	1,225	280
BOE Membership Dues and Fees	1,800		1,800	1,785	15
<b>Total Support Services General Administration</b>	<b>106,899</b>	<b>(300)</b>	<b>106,599</b>	<b>104,310</b>	<b>2,289</b>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	50,320		50,320	50,319	1
Salaries of Secretarial and Clerical Assistants	21,815	2,000	23,815	23,614	201
Other Purchased Services	250	(200)	50		50
Supplies and Materials	500	(500)			
<b>Total Support Services School Administration</b>	<b>72,885</b>	<b>1,300</b>	<b>74,185</b>	<b>73,933</b>	<b>252</b>
Central Services:					
Purchased Professional Services	35,000	500	35,500	35,500	
Purchased Technical Services	10,700	3,690	14,390	14,319	71
Supplies and Materials	250	100	350	330	20
<b>Total Central Services</b>	<b>45,950</b>	<b>4,290</b>	<b>50,240</b>	<b>50,149</b>	<b>91</b>
Required Maintenance for School Facilities:					
Increase in Maintenance Reserve					
Salaries	8,000		8,000	7,905	95
Cleaning, Repair and Maintenance Services	23,500		23,500	9,824	13,676
General Supplies	1,000		1,000		1,000
<b>Total Required Maintenance for School Facilities</b>	<b>32,500</b>		<b>32,500</b>	<b>17,729</b>	<b>14,771</b>

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>EXPENDITURES: (Continued)</b>					
<b>CURRENT EXPENSES: (Continued)</b>					
Undistributed Expenditures: (Continued)					
Other Operation and Maintenance of Plant Services:					
Salaries	\$ 37,999	\$	\$ 37,999	\$ 34,386	\$ 3,613
Purchased Professional and Technical Services	23,600	650	24,250	23,894	356
Cleaning, Repair and Maintenance Services	23,309	(5,650)	17,659	15,718	1,941
Insurance	9,931	(2,000)	7,931	6,472	1,459
Miscellaneous Purchased Services	500		500	156	344
General Supplies	10,000	2,000	12,000	10,455	1,545
Energy (Heat and Electricity)	16,000	5,000	21,000	19,382	1,618
Energy (Oil)	16,000		16,000	13,798	2,202
<b>Total Other Operation and Maintenance of Plant Services</b>	<b>137,339</b>		<b>137,339</b>	<b>124,261</b>	<b>13,078</b>
<b>Total Operation and Maintenance of Plant Services</b>	<b>169,839</b>		<b>169,839</b>	<b>141,990</b>	<b>27,849</b>
Student Transportation Services:					
Salaries for Pupil Trans (Between Home and School) - Reg.	3,500		3,500	3,500	
Other Purchased Professional and Technical Services	17,500	250	17,750	17,750	
Contracted Services - Aid in Lieu of Payments - Non Pub Sch	4,433	(800)	3,633	3,008	625
Contracted Services - Aid in Lieu of Payments - Choice Sch	5,390		5,390	4,012	1,378
Contracted Services (Between Home and School) - Vendors	59,420	14,000	73,420	72,904	516
Contracted Services (Other than Betw. Home and Sch) - Vendors	3,345	2,300	5,645	5,503	142
Contracted Services (Home/School) - Joint Agreements	1,936	3,000	4,936	4,198	738
Contracted Services (Regular Students) - ESCs	20,361	(200)	20,161	20,093	68
Contracted Services (Special Ed. Students) - ESCs	27,601	(3,050)	24,551	15,108	9,443
<b>Total Student Transportation Services</b>	<b>143,486</b>	<b>15,500</b>	<b>158,986</b>	<b>146,076</b>	<b>12,910</b>
Unallocated Benefits:					
Social Security Contributions	16,000		16,000	14,261	1,739
Other Retirement Contributions - PERS	14,000	4,000	18,000	17,412	588
Unemployment Compensation	2,500		2,500		2,500
Workmen's Compensation	19,386	(5,500)	13,886	12,913	973
Health Benefits	256,907		256,907	253,946	2,961
Tuition Reimbursement	6,000	4,012	10,012	10,012	
Other Employee Benefits	10,800	(4,012)	6,788		6,788
Unused Sick Payment to Terminated/ Retired Staff	3,000	(3,000)			
<b>Total Unallocated Benefits /Total Personal Services - Employee Benefits</b>	<b>328,593</b>	<b>(4,500)</b>	<b>324,093</b>	<b>308,544</b>	<b>15,549</b>
On-behalf TPAF Post - Retire Medical (Non-budgeted)				83,314	(83,314)
On-behalf TPAF Pension Contributions (Non-budgeted)				128,993	(128,993)
On-behalf TPAF Long-term Disability Contributions (non-budgeted)				196	(196)
Reimbursement TPAF Social Security Contrib. (Non-budgeted)				63,444	(63,444)
<b>Total Undistributed Expenditures</b>	<b>1,423,208</b>	<b>3,000</b>	<b>1,426,208</b>	<b>1,554,988</b>	<b>(128,780)</b>
Increase in Maintenance Reserve					
<b>TOTAL EXPENDITURES - CURRENT EXPENSE</b>	<b>\$ 2,344,612</b>	<b>\$ (24,000)</b>	<b>\$ 2,320,612</b>	<b>\$ 2,413,741</b>	<b>\$ (93,129)</b>



**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable (Unfavorable)</u>
<b>EXPENDITURES: (Continued)</b>					
<b>CURRENT EXPENSES: (Continued)</b>					
<b>CAPITAL OUTLAY:</b>					
<b>Undistributed Expenditures:</b>					
Equipment:					
Required Maintenance for School Facilities	\$		\$ 35,164	\$ 35,164	\$ 27,853
Non-instructional Services	14,114	(11,164)	2,950		2,950
<b>Total Equipment</b>	<b>14,114</b>	<b>24,000</b>	<b>38,114</b>	<b>7,311</b>	<b>30,803</b>
Facilities Acquisition & Construction Services:					
Non-instructional Services					
<b>Total Facilities Acquisition &amp; Construction Services:</b>					
Capital Outlay:					
Increase in Capital Reserve	179,000		179,000		179,000
Interest Deposit in Capital Reserve	300		300		300
<b>TOTAL CAPITAL OUTLAY</b>	<b>193,414</b>	<b>24,000</b>	<b>217,414</b>	<b>7,311</b>	<b>210,103</b>
<b>TOTAL EXPENDITURES</b>	<b>2,538,026</b>		<b>2,538,026</b>	<b>2,421,052</b>	<b>116,974</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,000		8,000	401,549	393,549
Other Financing Sources (Uses): Operating Transfer Out - Food Service Fund	(8,000)		(8,000)		8,000
<b>Total Other Financing Sources (Uses)</b>	<b>(8,000)</b>		<b>(8,000)</b>		<b>8,000</b>
Excess (Deficiency) of Revenues and Other Expenditures and Other Financing Uses				401,549	401,549
Fund Balances, July 1	1,054,828		1,054,828	1,054,828	
Fund Balances, June 30	\$ 1,054,828	\$	\$ 1,054,828	\$ 1,456,377	\$ 401,549
<b>RECAPITULATION:</b>					
<b>Restricted Fund Balance:</b>					
Capital Reserve				\$ 571,636	
Maintenance Reserve				49,165	
Excess Surplus				191,140	
Excess Surplus Designated for Subsequent Year's Expenditures				363,045	
<b>Assigned to:</b>					
Designated for Subsequent Year's Expenditures				522	
Encumbrances Designated for Subsequent Year's Expenditures				29,999	
<b>Unassigned</b>				<b>250,870</b>	
<b>TOTAL</b>				<b>1,456,377</b>	
Reconciliation to Governmental Fund Statements (GAAP): Last State Aid Payment not Recognized on GAAP Basis				(104,369)	
<b>TOTAL</b>				<b>\$ 1,352,008</b>	

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT  
BUDGET COMPARISON SCHEDULE - SPECIAL REVENUE FUND  
AS OF JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
State Sources	\$	\$	\$	\$	\$
Federal Sources	106,567	21,738	128,305	128,305	
Other	2,210		2,010	2,210	
<b>Total Revenues</b>	<u>108,777</u>	<u>21,738</u>	<u>130,315</u>	<u>130,515</u>	
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	9,802	(279)	9,523	9,523	
Salaries - Other	34,690		34,690	34,690	
Purchased Services - Other (400-500 series)	4,600	19,662	24,262	24,262	
Tuition	19,662	(19,662)			
General Supplies	10,000	21,738	31,738	31,738	
<b>Total Instruction</b>	<u>78,754</u>	<u>21,459</u>	<u>100,213</u>	<u>100,213</u>	
<b>Support Services</b>					
Employee Benefits	5,398	279	5,677	5,677	
Purchased Professional - Technical Services	19,923	1,250	21,173	21,173	
Other Purchased Services	2,492	(1,250)	1,242	1,242	
Supplies and Materials	2,210		2,210	2,210	
<b>Total Support Services</b>	<u>30,023</u>	<u>279</u>	<u>30,302</u>	<u>30,302</u>	
<b>Facilities and Acquisition Costs</b>					
Land and Improvements					
<b>Total Expenditures</b>	<u>108,777</u>	<u>21,738</u>	<u>130,515</u>	<u>130,515</u>	
<b>Other Financing Sources (Uses)</b>					
<b>Total Outflows</b>					
<b>Excess (Deficiency) of Revenues Over (Under)</b>					
<b>Expenditures and Other Financing Sources (Uses)</b>	\$	\$	\$	\$	\$

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

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGET-TO-GAAP RECONCILIATION**  
**NOTE TO RSI**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$	2,822,601	[C-2] \$	130,515
<b>Difference - budget to GAAP:</b>				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.		103,641		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(104,369)		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$	<u>2,821,873</u>	[B-2] \$	<u>130,515</u>
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$	2,421,052	[C-2] \$	130,515
<b>Differences - budget to GAAP</b>				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.				
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.				
Net transfers (outflows) to general fund				
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$	<u>2,421,052</u>	[B-2] \$	<u>130,515</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.001542%	0.001250%	0.001001%	0.000994%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 359,029	\$ 370,187	\$ 224,681	\$ 186,118
District's Covered-Employee Payroll	\$ 121,104	\$ 103,362	\$ 97,197	\$ 77,064
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	296.46%	358.15%	231.16%	241.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%

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

SCHEDULE L-2

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 14,979	\$ 11,356	\$ 8,605	\$ 8,195
Contributions in Relation to the Contractually Required Contribution	<u>(14,979)</u>	<u>(11,356)</u>	<u>(8,605)</u>	<u>(8,195)</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's Covered-Employee Payroll	\$ 121,104	\$ 103,362	\$ 97,197	\$ 77,064
Contributions as a Percentage of Covered-Employee Payroll	12.37%	10.99%	8.85%	10.63%

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability(Asset)	0.009502%	0.008523%	0.007964%	0.008234%
State's proportionate share of the net pension liability (asset) associated with the District	\$ 6,406,496	\$ 6,704,450	\$ 5,033,787	\$ 4,400,793
District's Covered-Employee Payroll	\$ 872,264	\$ 881,164	\$ 865,234	\$ 950,830
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	734.47%	760.86%	581.78%	462.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%

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



**SCHEDULE L-4**

**Township of Elsinboro School District**

**SCHEDULE OF THE DISTRICT CONTRIBUTIONS**

**Teachers' Pension Plan**

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

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

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

**ELSINBORO TOWNSHIP SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III**  
**Pension Schedules**  
**For the Fiscal Year Ended June 30, 2018**

**Teachers' Pension and Annuity Fund (TPAF)**

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

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

**Public Employees' Retirement System (PERS)**

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

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

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**Required Supplementary Information - Part III**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**State Health Benefit Local Education Retired Employees Plan**  
**Last Ten Fiscal Years**

	<u>2017</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 258,206
Interest	143,127
Changes of benefit terms	
Differences between expected and actual experience	
Changes of assumptions or other inputs	(574,334)
Member contributions	3,872
Benefit payments	(105,151)
<b>Net change in total OPEB liability</b>	<u>(274,280)</u>
<b>Total OPEB liability - beginning</b>	<u>4,814,073</u>
<b>Total OPEB liability - ending</b>	<u>\$ 4,539,793</u>
<b>Covered-employee payroll</b>	\$ 993,368
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	457.01%

Notes to Schedule:

*Changes of benefit terms:* None

*Changes of assumptions:* The decrease in the liability from June 30, 2016 to June 30, 2017 is due to the increase in the assumed discount rate from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

**OTHER SUPPLEMENTARY INFORMATION**

## **SPECIAL REVENUE FUND DETAIL STATEMENTS**

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

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES**  
**SPECIAL REVENUE FUND - BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	NCLB			I.D.E.A.		Sub-Total	Totals 2018
	Title I Part A	Title II Part A	Title IV	Part - B Basic	Part - B Basic - C/o	Per E-1a	
<b>REVENUES:</b>							
State Sources	\$	\$	\$	\$	\$	\$	\$
Federal Sources	31,218	2,492	10,000	42,504	19,662	22,429	128,305
Other						2,210	2,210
<b>Total Revenues</b>	<b>31,218</b>	<b>2,492</b>	<b>10,000</b>	<b>42,504</b>	<b>19,662</b>	<b>24,639</b>	<b>130,515</b>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers	9,523						9,523
Salaries - Other	17,345			17,345			34,690
Other - Purchased Services				4,600	19,662		24,262
General Supplies			10,000			21,738	31,738
<b>Total Instruction</b>	<b>26,868</b>		<b>10,000</b>	<b>21,945</b>	<b>19,662</b>	<b>21,738</b>	<b>100,213</b>
Support Services:							
Employee Benefits	4,350			1,327			5,677
Purchased Prof. & Technical Serv.		1,250		19,232		691	21,173
Other Purchased Services		1,242					1,242
Supplies and Materials						2,210	2,210
<b>Total Support Services</b>	<b>4,350</b>	<b>2,492</b>		<b>20,559</b>		<b>2,901</b>	<b>30,302</b>
Facilities Acquisition and Constr. Servs.:							
Land and Improvements							
<b>Total Facilities Acquisition and Construction Services:</b>							
<b>Total Expenditures</b>	<b>\$ 31,218</b>	<b>\$ 2,492</b>	<b>\$ 10,000</b>	<b>\$ 42,504</b>	<b>\$ 19,662</b>	<b>\$ 24,639</b>	<b>\$ 130,515</b>

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES**  
**SPECIAL REVENUE FUND - BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>I.D.E.A.</u>		<u>NJSBAIG</u>	
	<u>Preschool</u>	<u>REAP</u>	<u>Safety</u>	<u>Totals</u>
			<u>Grant</u>	<u>2018</u>
<b>REVENUES:</b>				
State Sources	\$	\$	\$	\$
Federal Sources	691	21,738		22,429
Other			2,210	2,210
Total Revenues	<u>691</u>	<u>21,738</u>	<u>2,210</u>	<u>24,639</u>
<b>EXPENDITURES:</b>				
Instruction:				
General Supplies		21,738		21,738
Total Instruction		<u>21,738</u>		<u>21,738</u>
Support:				
Purchased Prof. & Technical Service	691			691
Supplies and Materials			2,210	2,210
Total Support	<u>691</u>		<u>2,210</u>	<u>2,901</u>
Facilities Acquisition and Constr. Servs.:				
Land and Improvements				
Total Facilities Acquisition and Construction Services:				
Total Expenditures	<u>\$ 691</u>	<u>\$ 21,738</u>	<u>\$ 2,210</u>	<u>\$ 24,639</u>



## **CAPITAL PROJECTS FUND DETAIL STATEMENT**

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



**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF REVENUES AND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**Revenues and Other Financing  
Sources**

Interest Earned	\$	
Transfer from Capital Outlay		
Transfer from Capital Reserve		
State Aid		
Total Revenues		<hr/>

**Expenditures and Other Financing  
Uses**

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

Excess (Deficiency) of Revenues Over (Under) Expenditures

Fund Balance - Beginning		70,256
Fund Balance - Ending	\$	<hr/> <u>70,256</u>

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND**  
**PROJECT STATUS - BUDGETARY BASIS**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018**

**Various Renovations at Elsinboro School**

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
<b>Revenues and Other Financing</b>				
<b>Sources</b>				
State Sources - EDA Grant	\$ 490,343	\$	\$ 490,343	\$ 490,343
Transfer from Capital Outlay	482,515		482,515	482,515
Transfer from Capital Reserve	253,000		253,000	253,000
Total Revenues	<u>1,225,858</u>		<u>1,225,858</u>	<u>1,225,858</u>
<b>Expenditures and Other Financing</b>				
<b>Uses</b>				
Other Professional and Technical Services	85,593		85,593	116,750
Construction Services	1,023,171		1,023,171	1,109,108
Total Expenditures	<u>1,108,764</u>		<u>1,108,764</u>	<u>1,225,858</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,108,764</u>	<u>\$</u>	<u>\$ 117,094</u>	<u>\$</u>

**Additional project information:**

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

## **PROPRIETARY FUND DETAIL STATEMENTS**

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

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

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

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

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**FOOD SERVICES ENTERPRISE FUND**  
**COMBINING SCHEDULE OF NET POSITION**  
**AS OF JUNE 30, 2018 AND 2017**

		<b>Food Service</b>		<b>Totals</b>	
	<b>SACC</b>	<b>Enterprise</b>	<b>Fund</b>	<b>2018</b>	<b>2017</b>
<b>ASSETS:</b>					
Current Assets:					
Cash	\$ 26,973	\$ 6,654	\$ 33,627	\$ 27,467	
Accounts Receivable:					
State		27	27	19	
Federal		1,581	1,581	1,438	
Other	359		359	543	
Total Current Assets	27,332	8,262	35,594	29,467	
Fixed Assets:					
Equipment		4,400	4,400	4,400	
Accumulated Depreciation		(3,080)	(3,080)	(2,200)	
Total Fixed Assets		1,320	1,320	2,200	
Total Assets	\$ 27,332	\$ 9,582	\$ 36,914	\$ 31,667	
<b>LIABILITIES AND FUND EQUITY:</b>					
<b>LIABILITIES:</b>					
Current Liabilities:					
Unearned Revenue	\$ 98	\$ 918	\$ 1,016	\$ 357	
Total Current Liabilities	98	918	1,016	357	
Total Liabilities	98	918	1,016	357	
Net Position:					
Investment in Fixed Assets		1,320	1,320	2,200	
Net Position	27,234	7,344	34,578	29,110	
Total Net Position	27,234	8,664	35,898	31,310	
Total Liabilities and Fund Equity	\$ 27,332	\$ 9,582	\$ 36,914	\$ 31,667	

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**FOOD SERVICES ENTERPRISE FUND**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET POSITION**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>SACC</u>	<u>Food Service Enterprise Fund</u>	<u>Totals</u>	
			<u>2018</u>	<u>2017</u>
<b>OPERATING REVENUES:</b>				
Local Sources:				
Daily Sales				
Reimbursable Programs	\$	\$ 12,929	\$ 12,929	\$ 8,868
Non-Reimbursable Sales		5,307	5,307	4,845
Program Fees	23,368		23,368	22,466
Total Operating Revenue	23,368	18,236	41,604	36,179
<b>OPERATING EXPENSES:</b>				
Salaries	10,746	10,811	21,557	19,683
Depreciation		880	880	880
Other Costs	742	3,569	4,311	4,546
Cost of Sales - Reimbursable Programs		39,687	39,687	41,685
Cost of Sales - Non Reimbursable Programs		3,930	3,930	2,706
Supplies and Materials	2,069	382	2,451	1,938
Total Operating Expenses	13,557	59,259	72,816	71,438
Operating (Loss) Income	9,811	(41,023)	(31,212)	(35,259)
Non-Operating Revenues:				
State Sources:				
State School Lunch Program		577	577	524
Federal Sources:				
National School Lunch Program		25,597	25,597	25,527
National School Breakfast Program		6,185	6,185	8,440
Food Distribution Program		3,441	3,441	7,308
Total Non-Operating Revenues		35,800	35,800	41,799
Net (Loss) Income before Operating Transfers	9,811	(5,223)	4,588	6,540
Operating Transfer In - General Fund				4,000
Net (Loss) Income	9,811	(5,223)	4,588	10,540
Net Position - July 1	17,423	13,887	31,310	20,770
Net Position - June 30	\$ 27,234	\$ 8,664	\$ 35,898	\$ 31,310

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**FOOD SERVICES ENTERPRISE FUND**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**AS OF JUNE 30, 2018 AND 2017**

	SACC	Food Service Enterprise Fund	Totals	
			2018	2017
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 23,368	\$ 18,236	\$ 41,604	\$ 36,179
Payments to Employees	(10,746)	(10,811)	(21,557)	(19,683)
Payments to Suppliers	(2,529)	(47,158)	(49,687)	(50,251)
Net Cash Used by Operating Activities	10,093	(39,733)	(29,640)	(33,755)
Cash Flows from Noncapital Financing Activities				
Operating Transfer In-General Fund				4,000
Cash Received from State and Federal Reimbursements		35,800	35,800	41,799
Net Cash Provided by Noncapital Financing Activities		35,800	35,800	45,799
Cash Flows from Investing Activities				
Interest on Investments				
Net Cash Provided by Investing Activities				
Net Increase/(Decrease) in Cash	10,093	(3,933)	6,160	12,044
Cash and Cash Equivalents, July 1	16,880	10,587	27,467	15,423
Cash and Cash Equivalents, June 30	\$ 26,973	\$ 6,654	\$ 33,627	\$ 27,467
Operating Income (Loss)	\$ 9,811	\$ (41,023)	\$ (31,212)	\$ (35,259)
Adjustments to Reconcile Operating Income (Loss) to Cash Used by Operating Activities:				
Depreciation		880	880	880
Change in Assets and Liabilities:				
Decrease/(Increase) in Accounts Receivable	184	(151)	33	583
(Decrease)/Increase in Deferred Revenue	98	561	659	41
Net Cash Used by Operating Activities	\$ 10,093	\$ (39,733)	\$ (29,640)	\$ (33,755)



**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**INTERNAL SERVICE FUND**  
**COMBINING SCHEDULE OF NET POSITION**  
**AS OF JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS:</b>		
Cash and Cash Equivalents	\$ 74,814	\$ 66,997
Accounts Receivable	910	6,164
	<u>                    </u>	<u>                    </u>
Total Assets	\$ 75,724	\$ 73,161
	<u>                    </u>	<u>                    </u>
<b>LIABILITIES:</b>		
Unearned Revenues	\$	\$
Accounts Payable		
	<u>                    </u>	<u>                    </u>
Total Liabilities		
	<u>                    </u>	<u>                    </u>
<b>NET POSITION</b>		
Net Position	75,724	73,161
	<u>                    </u>	<u>                    </u>
Total Net Position	75,724	73,161
	<u>                    </u>	<u>                    </u>
Total Liabilities and Net Position	\$ 75,724	\$ 73,161
	<u>                    </u>	<u>                    </u>

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**INTERNAL SERVICE FUND**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET POSITION**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES:		
LEAs Within the State	\$	\$
Transportation	21,830	34,607
Total Operating Revenue	<u>21,830</u>	<u>34,607</u>
OPERATING EXPENSES:		
Salaries		
Employee Benefits		
Transportation	15,793	23,606
Total Operating Expenses	<u>15,793</u>	<u>23,606</u>
Net Income (Loss)	<u>6,037</u>	<u>11,001</u>
Cancellation of Prior Year Accounts Receivable	(3,474)	
Net Position - July 1	<u>73,161</u>	<u>62,160</u>
Net Position - June 30	<u>\$ 75,724</u>	<u>\$ 73,161</u>

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**INTERNAL SERVICE FUND**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 21,830	\$ 34,607
Payments to Employees and Employee Benefits	(14,013)	(1,740)
Net Cash Provided (Used) by Operating Activities	<u>7,817</u>	<u>32,867</u>
Net Increase in Cash and Cash Equivalents	<u>7,817</u>	<u>32,867</u>
Cash and Cash Equivalents, July 1	<u>66,997</u>	<u>34,130</u>
Cash and Cash Equivalents, June 30	<u>\$ 74,814</u>	<u>\$ 66,997</u>
Operating Income (Loss)	\$ 6,037	\$ 11,001
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities		
Cancellation of Prior Year Accounts Receivable	(3,474)	
Change in Assets and Liabilities:		
(Increase)/Decrease in Intergovernmental Accounts Receivable	5,254	21,866
Increase/(Decrease) in Unearned Revenue		0
Net Cash Provided (Used) by Operating Activities	<u>\$ 7,817</u>	<u>\$ 32,867</u>

## **FIDUCIARY FUNDS DETAIL STATEMENTS**

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

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

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

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

**ELSINBORO TOWNSHIP SCHOOL DISTRICT**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2018**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)**

	Unemployment Compensation Expendable Trust	Agency		Total	
		Student Activity	Payroll	2018	2017
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 17,520	\$ 5,516	\$	\$ 23,036	\$ 19,031
Total Assets	<u>17,520</u>	<u>5,516</u>		<u>23,036</u>	<u>19,031</u>
<b>LIABILITIES:</b>					
Liabilities:					
Due to Student Groups		5,516		5,516	3,813
Total Liabilities		<u>5,516</u>		<u>5,516</u>	<u>3,813</u>
<b>NET POSITION:</b>					
Held in Trust for Unemployment Claims and Other Purposes	\$ 17,520	\$	\$	\$ 17,520	\$ 15,218

**ELSINBORO TOWNSHIP SCHOOL DISTRICT**  
**UNEMPLOYMENT COMPENSATION EXPENDABLE TRUST**  
**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**ADDITIONS:**

Contributions		
Plan Member	\$	2,341
		<hr/>
Total Contributions		2,341
		<hr/>
Investment Earnings		
Interest		24
		<hr/>
Net Investment Earnings		24
		<hr/>
Total Additions		2,365
		<hr/>

**DEDUCTIONS:**

Quarterly Contribution Reports		
Unemployment Claims		63
		<hr/>
Total Deductions		63
		<hr/>
Change in Net Position		2,302
Net Position - July 1, 2017		15,218
		<hr/>
Net Position - June 30, 2018	\$	17,520
		<hr/> <hr/>

EL SINBORO TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1,</u> <u>2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u>	<u>Balance</u> <u>June 30,</u> <u>2018</u>
<b>ELEMENTARY SCHOOL</b>	\$ 3,813	\$ 28,726	\$ 27,023	\$	\$ 5,516

Analysis of June 30, 2018:

Class of 2018	\$	196
Class of 2019		2,117
Class of 2020		895
Class of 2021		555
8th Grade Carryover		407
Yerkes Donation		399
Miscellaneous		947
Total Elementary Schools	\$	5,516

**ELSINBORO TOWNSHIP SCHOOL DISTRICT**  
**PAYROLL AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Balance</u> <u>July 1,</u> <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2018</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$	\$ 1,231,111	\$ 1,231,111	\$
	<u>\$</u>	<u>\$ 1,231,111</u>	<u>\$ 1,231,111</u>	<u>\$</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$	\$ 1,231,111	\$ 1,231,111	\$
Total Liabilities and Reserves	<u>\$</u>	<u>\$ 1,231,111</u>	<u>\$ 1,231,111</u>	<u>\$</u>



## **LONG-TERM DEBT SCHEDULES**

N/A

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

**STATISTICAL SECTION**

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

	<b>Fiscal Year Ending June 30,</b>									
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 106,103	\$ 107,960	\$ 118,232	\$ 116,109	\$ 113,690	\$ 256,977	\$ 368,750	\$ 423,027	\$ 1,389,681	\$ 1,321,930
Restricted	509,883	365,507	200,775	226,472	403,053	154,591	783,076	1,078,703	874,562	1,245,242
Unrestricted (Deficit)	195,007	227,378	350,774	314,586	226,654	131,099	(91,196)	8,441	(11,799)	(4,299)
<b>Total Governmental Activities Net Position</b>	<b>\$ 810,993</b>	<b>\$ 700,845</b>	<b>\$ 669,781</b>	<b>\$ 657,167</b>	<b>\$ 743,397</b>	<b>\$ 542,667</b>	<b>\$ 1,060,630</b>	<b>\$ 1,510,171</b>	<b>\$ 2,252,444</b>	<b>\$ 2,562,873</b>
<b>Business-Type Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 661	\$ 472	\$ 283	\$ 94	\$	\$	\$	\$ 3,080	\$ 2,200	\$ 1,320
Unrestricted	225	3,229	4,063	3,288	6,845	8,143	10,486	17,690	29,110	34,578
<b>Total Business-Type Activities Net Position</b>	<b>\$ 886</b>	<b>\$ 3,701</b>	<b>\$ 4,346</b>	<b>\$ 3,382</b>	<b>\$ 6,845</b>	<b>\$ 8,143</b>	<b>\$ 10,486</b>	<b>\$ 20,770</b>	<b>\$ 31,310</b>	<b>\$ 35,898</b>
<b>District-Wide</b>										
Invested in Capital Assets, Net of Related Debt	\$ 106,764	\$ 108,432	\$ 118,515	\$ 116,203	\$ 113,690	\$ 256,977	\$ 368,750	\$ 426,107	\$ 1,391,881	\$ 1,323,250
Restricted	509,883	365,507	200,775	226,472	403,053	154,591	783,076	1,078,703	874,562	1,245,242
Unrestricted	195,232	230,607	354,837	317,874	233,499	139,242	(80,710)	26,131	17,311	30,279
<b>Total District-Wide Net Position</b>	<b>\$ 811,879</b>	<b>\$ 704,546</b>	<b>\$ 674,127</b>	<b>\$ 660,549</b>	<b>\$ 750,242</b>	<b>\$ 550,810</b>	<b>\$ 1,071,116</b>	<b>\$ 1,530,941</b>	<b>\$ 2,283,754</b>	<b>\$ 2,598,771</b>

Source: CAFR Schedule A-1

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction										
Regular	\$ 655,082	760,235	714,192	706,745	738,117	770,541	855,755	814,049	782,073	817,424
Special Education	45,002	46,266	44,570	44,730	46,395	67,844	95,692	97,618	101,840	105,064
Other Special Instruction	36,142	34,793	38,987	38,979	22,856	25,348	36,000	33,844	36,607	36,478
Support Services										
Tuition	358,743	359,294	411,089	437,036	439,399	543,893	371,718	333,594	338,088	314,789
Student and Instruction Related Services	165,439	176,957	231,960	226,125	201,999	161,436	224,349	256,677	183,717	179,668
General and Business Administrative Services	77,098	73,807	75,596	74,543	90,093	88,156	87,537	91,998	96,338	104,310
School Administrative Services	43,272	42,836	44,103	44,705	51,123	61,477	63,561	65,201	68,195	73,933
Central Services and Information Technology	16,797	24,336	25,513	25,648	29,402	35,105	35,812	39,088	44,780	50,149
Plant Operations and Maintenance	149,472	113,968	113,117	106,441	116,197	126,080	115,835	129,374	134,645	141,990
Pupil Transportation	134,538	156,126	111,446	118,743	124,475	97,394	107,240	128,540	104,782	146,076
Employee Benefits	220,197	258,382	286,510	315,590	367,458	364,384	611,201	722,797	987,401	1,213,667
Interest on Long-Term Debt	3,649	2,982	2,291	1,566	817	27				
Unallocated Depreciation and Amortization	15,714	16,682	15,992	18,145	24,798	21,076	29,813	29,220	55,374	54,887
<b>Total Governmental Activities Expenses</b>	<b>1,921,145</b>	<b>2,066,664</b>	<b>2,115,366</b>	<b>2,158,996</b>	<b>2,253,129</b>	<b>2,362,761</b>	<b>2,634,513</b>	<b>2,742,000</b>	<b>2,933,840</b>	<b>3,238,435</b>
<b>Business-Type Activities</b>										
Food Service	39,632	30,341	33,259	38,856	41,911	44,345	51,179	52,956	58,203	59,259
SACC						4,540	5,492	7,746	13,235	13,557
<b>Total Business-Type Activities Expense</b>	<b>39,632</b>	<b>30,341</b>	<b>33,259</b>	<b>38,856</b>	<b>41,911</b>	<b>48,885</b>	<b>56,671</b>	<b>60,702</b>	<b>71,438</b>	<b>72,816</b>
<b>Total District Expenses</b>	<b>\$ 1,960,777</b>	<b>2,097,005</b>	<b>2,148,625</b>	<b>2,197,852</b>	<b>2,295,040</b>	<b>2,411,646</b>	<b>2,691,184</b>	<b>2,802,702</b>	<b>3,005,278</b>	<b>3,311,251</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Operating Grants and Contributions	\$ 158,681	210,869	206,325	216,161	247,687	251,506	474,754	244,694	233,354	277,273
Charges for Services			49,994		60,526		62,851	166,779	34,607	21,830
<b>Total Governmental Activities Program Revenues</b>	<b>158,681</b>	<b>210,869</b>	<b>256,319</b>	<b>216,161</b>	<b>308,213</b>	<b>251,506</b>	<b>537,605</b>	<b>411,473</b>	<b>267,961</b>	<b>299,103</b>
<b>Business-Type Activities</b>										
Charges for Services										
Food Service	14,634	13,334	14,285	13,784	14,030	14,736	15,207	12,608	13,713	18,236
SACC						4,614	6,726	14,630	22,466	23,368
Operating Grants and Contributions	12,996	11,742	13,526	17,015	24,235	26,833	31,081	34,288	41,799	35,800
<b>Total Business-Type Activities Program Revenues</b>	<b>27,630</b>	<b>25,076</b>	<b>27,811</b>	<b>30,799</b>	<b>38,265</b>	<b>46,183</b>	<b>53,014</b>	<b>61,526</b>	<b>77,978</b>	<b>77,404</b>
<b>Total District Program Revenues</b>	<b>\$ 186,311</b>	<b>235,945</b>	<b>284,130</b>	<b>246,960</b>	<b>346,478</b>	<b>297,689</b>	<b>590,619</b>	<b>472,999</b>	<b>345,939</b>	<b>376,507</b>
<b>Net (Expense)/Revenue</b>										
<b>Governmental Activities</b>	<b>\$ (1,762,464)</b>	<b>(1,855,795)</b>	<b>(1,859,047)</b>	<b>(1,942,835)</b>	<b>(1,944,916)</b>	<b>(2,111,255)</b>	<b>(2,096,908)</b>	<b>(2,330,527)</b>	<b>(2,665,879)</b>	<b>(2,939,332)</b>
<b>Business-Type Activities</b>	<b>(12,002)</b>	<b>(5,265)</b>	<b>(5,448)</b>	<b>(8,057)</b>	<b>(3,646)</b>	<b>(2,702)</b>	<b>(3,657)</b>	<b>824</b>	<b>6,540</b>	<b>4,588</b>
<b>Total District-Wide Net Expense</b>	<b>\$ (1,774,466)</b>	<b>(1,861,060)</b>	<b>(1,864,495)</b>	<b>(1,950,892)</b>	<b>(1,948,562)</b>	<b>(2,113,957)</b>	<b>(2,100,565)</b>	<b>(2,329,703)</b>	<b>(2,659,339)</b>	<b>(2,934,744)</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities</b>										
Property Taxes Levied for General Purposes, Net	\$ 1,261,500	1,261,500	1,261,500	1,312,449	1,312,449	1,348,412	1,407,960	1,436,100	1,485,885	1,508,188
Taxes Levied for Debt Service	11,281	11,163	12,110	11,871	11,871	11,755				
Unrestricted Grants and Contributions	581,090	436,927	494,876	657,792	657,792	988,439	930,467	1,339,350	1,924,126	1,742,989
Tuition Received	20,720	27,941	32,207	29,104	29,104					
Investment Earnings	8,280	7,816	10,827	6,770	6,770	6,720	6,879	2,173	983	1,533
Miscellaneous Income	695	5,489	22,556	20,269	20,269	37,640	1,424	7,945	1,158	525
Prior Year Adjustments		2,891								(3,474)
Transfers	(10,206)	(8,080)	(6,093)	(7,109)	(7,109)	(4,000)		(5,500)	(4,000)	
<b>Total Governmental Activities</b>	<b>1,873,360</b>	<b>1,745,647</b>	<b>1,827,983</b>	<b>2,031,146</b>	<b>2,031,146</b>	<b>2,388,966</b>	<b>2,346,730</b>	<b>2,780,068</b>	<b>3,408,152</b>	<b>3,249,761</b>
<b>Business-Type Activities</b>										
Transfer	10,206	8,080	6,093	7,109	7,109	4,000		5,500	4,000	
Fixed Asset Adjustment								3,960		
<b>Total Business-Type Activities</b>	<b>10,206</b>	<b>8,080</b>	<b>6,093</b>	<b>7,109</b>	<b>7,109</b>	<b>4,000</b>		<b>9,460</b>	<b>4,000</b>	
<b>Total District-Wide</b>	<b>\$ 1,883,566</b>	<b>1,753,727</b>	<b>1,834,076</b>	<b>2,038,255</b>	<b>2,038,255</b>	<b>2,392,966</b>	<b>2,346,730</b>	<b>2,789,528</b>	<b>3,412,152</b>	<b>3,249,761</b>
<b>Change in Net Position</b>										
<b>Governmental Activities</b>	<b>\$ 110,896</b>	<b>(110,148)</b>	<b>(31,064)</b>	<b>88,311</b>	<b>86,230</b>	<b>277,711</b>	<b>249,822</b>	<b>449,541</b>	<b>742,273</b>	<b>310,429</b>
<b>Business-Type Activities</b>	<b>(1,796)</b>	<b>2,815</b>	<b>645</b>	<b>(948)</b>	<b>3,463</b>	<b>1,298</b>	<b>(3,657)</b>	<b>10,284</b>	<b>10,540</b>	<b>4,588</b>
<b>Total District-Wide</b>	<b>\$ 109,100</b>	<b>(107,333)</b>	<b>(30,419)</b>	<b>87,363</b>	<b>89,693</b>	<b>279,009</b>	<b>246,165</b>	<b>459,825</b>	<b>752,813</b>	<b>315,017</b>

Source: CAFR Schedule A-2

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

	<b>Fiscal Year Ending June 30,</b>									
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
General Fund										
Restricted	\$ 514,258	\$ 381,905	\$ 343,353	\$ 356,779	\$ 453,368	\$ 478,441	\$ 628,147	\$ 386,231	\$ 804,306	\$ 1,174,986
Assigned						154,591	154,929	8,313		29,999
Unassigned	207,290	228,732	232,832	208,183	193,525	152,527	125,775	151,048	146,881	147,023
<b>Total General Fund</b>	<b>\$ 721,548</b>	<b>\$ 610,637</b>	<b>\$ 576,185</b>	<b>\$ 564,962</b>	<b>\$ 646,893</b>	<b>\$ 785,559</b>	<b>\$ 908,851</b>	<b>\$ 545,592</b>	<b>\$ 951,187</b>	<b>\$ 1,352,008</b>
All Other Governmental Funds										
Committed to Capital Projects	\$	\$	\$	\$	\$	\$	\$	\$ 684,159	\$ 70,256	\$ 70,256
Unassigned, Reported in:										
Special Revenue Fund										
Debt Service Fund										
<b>Total All Other Governmental Funds</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 684,159</b>	<b>\$ 70,256</b>	<b>\$ 70,256</b>

Source: CAFR Schedule B-1

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tax Levy	\$ 1,272,781	\$ 1,272,663	\$ 1,273,610	\$ 1,298,716	\$ 1,324,320	\$ 1,360,167	\$ 1,407,960	\$ 1,436,100	\$ 1,485,885	\$ 1,508,188
Tuition Charges	20,720	27,941	32,207	39,039	29,104					
Interest Earnings	8,280	7,816	10,827	6,664	6,770	6,720	6,879	2,173	983	1,533
Miscellaneous	1,695	5,489	22,556	14,863	22,539	37,640	3,915	10,055	3,263	2,735
State Sources	682,314	513,490	607,989	631,348	824,077	1,145,396	1,112,963	1,245,566	1,681,337	1,311,627
Federal Sources	56,457	134,306	93,212	98,886	79,132	94,549	96,021	97,246	77,169	128,305
Other Sources										
<b>Total Revenues</b>	<b>2,042,247</b>	<b>1,961,705</b>	<b>2,040,401</b>	<b>2,089,516</b>	<b>2,285,942</b>	<b>2,644,472</b>	<b>2,627,738</b>	<b>2,791,140</b>	<b>3,248,637</b>	<b>2,952,388</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	655,082	760,235	714,192	706,745	738,117	770,541	855,755	814,049	782,073	817,424
Special Education Instruction	45,002	46,266	44,570	44,730	46,395	67,844	95,692	97,618	101,840	105,064
Other Special Instruction	36,142	34,793	38,987	38,979	22,856	25,348	36,000	33,844	36,607	36,478
<b>Support Services</b>										
Tuition	358,743	359,294	411,089	437,036	439,399	543,893	371,718	333,594	338,088	314,789
Student and Instruction Related Services	165,439	176,957	181,966	162,166	141,473	161,436	161,498	152,058	160,111	163,875
General Administrative Services	77,098	73,807	75,596	74,543	90,093	88,156	87,537	91,998	96,338	104,310
School Administrative Services	43,272	42,836	44,103	44,705	51,123	61,477	63,561	65,201	68,195	73,933
Central Services and Information Technology	16,797	24,336	25,513	25,648	29,402	35,105	35,812	39,088	44,780	50,149
Plant Operations and Maintenance	149,472	113,968	113,117	106,441	116,197	126,080	115,835	129,374	134,645	141,990
Pupil Transportation	134,538	156,126	111,446	118,743	124,475	97,394	107,240	128,540	104,782	146,076
Employee Benefits	219,547	257,632	279,310	315,990	373,833	359,781	426,212	487,579	557,258	590,168
Lease Purchase Interest										
Capital Outlay	4,059		10,767		5,792	147,178	141,586	91,797	1,028,228	7,311
<b>Debt Service</b>										
Principal	14,535	14,998	15,497	16,022	16,587	17,185				
Interest and Other Charges	3,944	3,288	2,607	1,898	1,160	388				
<b>Total Expenditures</b>	<b>1,923,670</b>	<b>2,064,536</b>	<b>2,068,760</b>	<b>2,093,646</b>	<b>2,196,902</b>	<b>2,501,806</b>	<b>2,498,446</b>	<b>2,464,740</b>	<b>3,452,945</b>	<b>2,551,567</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	118,577	(102,831)	(28,359)	(4,130)	89,040	142,666	129,292	326,400	(204,308)	400,821
<b>Other Financing Sources (Uses)</b>										
<b>Capital Lease</b>										
Transfers	(10,206)	(8,080)	(6,093)	(7,093)	(7,109)	(4,000)	(6,000)	(5,500)	(4,000)	
<b>Total Other Financing Sources (Uses)</b>	<b>(10,206)</b>	<b>(8,080)</b>	<b>(6,093)</b>	<b>(7,093)</b>	<b>(7,109)</b>	<b>(4,000)</b>	<b>(6,000)</b>	<b>(5,500)</b>	<b>(4,000)</b>	
<b>Net Change in Fund Balances</b>	<b>\$ 108,371</b>	<b>\$ (110,911)</b>	<b>\$ (34,452)</b>	<b>\$ (11,223)</b>	<b>\$ 81,931</b>	<b>\$ 138,666</b>	<b>\$ 123,292</b>	<b>\$ 320,900</b>	<b>\$ (208,308)</b>	<b>\$ 400,821</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	0.96%	0.89%	0.88%	0.86%	0.81%	0.75%	0.00%	0.00%	0.00%	0.00%

Source: CAFR Schedule B-2

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

<b><u>Fiscal Year</u></b> <b><u>Ended June 30,</u></b>	<b><u>Tuition</u></b>	<b><u>Interest</u></b>	<b><u>Shared</u></b> <b><u>Transportation</u></b>	<b><u>Local</u></b> <b><u>Grant</u></b>	<b><u>Prior Year</u></b> <b><u>Insurance</u></b> <b><u>Refund</u></b>	<b><u>Refund of</u></b> <b><u>Prior Year</u></b> <b><u>Expenditure</u></b>	<b><u>Misc.</u></b>	<b><u>Total</u></b>
2018	\$	\$ 1,533	\$	\$	\$	525	\$	2,058
2017		983				1,158		2,141
2016		2,173					7,945	10,118
2015		6,879				1,322	102	8,303
2014		6,720				21,826	15,814	44,360
2013	29,104	6,770	7,200				13,069	56,143
2012	39,039	6,664	2,160				10,421	58,284
2011	32,207	10,827					20,247	63,281
2010	27,941	7,816					2,256	38,013
2009	20,720	8,280					695	29,695

Source: District Records

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

<b>Fiscal Year Ended June 30,</b>	<b>Vacant Land</b>	<b>Residential</b>	<b>Farm Reg.</b>	<b>Qfarm</b>	<b>Commercial</b>	<b>Total Assessed Value</b>	<b>Public Utilities <sup>a</sup></b>	<b>Net Valuation Taxable</b>	<b>Total Direct School Tax Rate <sup>b</sup></b>	<b>Estimated Actual (County Equalized Value)</b>
2018	\$ 4,045,800	\$ 97,024,700	\$ 10,899,800	\$ 1,377,800	\$ 3,434,100	\$ 116,782,200	\$ 254,880	\$ 117,037,080	1.289	\$ 104,516,056 *
2017	4,076,500	98,288,200	10,778,500	1,373,900	3,434,100	117,951,200	255,961	118,207,161	1.276	113,497,034
2016	3,787,900	99,819,700	10,286,700	1,375,300	3,434,100	118,703,700	258,677	118,962,377	1.249	114,222,157
2015	4,162,100	100,680,100	10,258,200	1,349,900	3,451,100	119,901,400	266,579	120,167,979	1.196	115,379,721
2014	3,902,700	101,931,200	10,324,900	1,470,300	3,451,100	121,080,200	258,052	121,338,252	1.160	116,503,362
2013	3,202,100	102,408,200	10,304,600	1,475,100	3,556,100	120,946,100	249,505	121,195,605	1.122	116,366,399
2012	3,262,600	101,665,400	10,239,200	1,475,100	3,701,300	120,343,600	222,960	120,566,560	1.099	112,041,337
2011	3,757,100	101,969,700	10,239,200	1,410,100	4,901,300	122,277,400	258,285	122,535,685	1.081	113,577,373
2010	3,896,300	101,992,900	10,159,100	1,401,900	4,901,100	122,351,300	285,651	122,636,951	1.039	119,200,000
2009	4,083,100	99,961,600	11,046,100	1,422,500	4,901,100	121,414,400	293,398	121,707,798	1.046	119,019,194

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

**b** Tax rates are per \$100

\* Estimate



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

Year Ended June 30,	Elsinboro Township Board of Education			Overlapping Rates		Total
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Elsinboro Township	Salem County	
2018	1.289	0.000	1.289	0.377	1.051	2.717
2017	1.276	0.000	1.276	0.365	1.021	2.662
2016	1.249	0.000	1.249	0.356	0.960	2.565
2015	1.196	0.000	1.196	0.339	0.887	2.422
2014	1.150	0.010	1.16	0.331	0.852	2.343
2013	1.112	0.010	1.122	0.307	0.931	2.360
2012	1.089	0.010	1.099	0.299	0.879	2.277
2011	1.071	0.010	1.081	0.261	0.855	2.197
2010	1.029	0.010	1.039	0.242	0.814	2.095
2009	* 1.037	0.009	1.046	0.217	0.863	2.126

\* First Year of Revaluation

Source: District Records and Municipal Tax Collector

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

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

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

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

<u>Taxpayer</u>	<u>2018</u>		<u>2009</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Tri County Real Estate	\$ 1,100,000	0.91%	\$	
Yrmanleen, LLC	675,000	0.56%	675,000	0.55%
Taxpayer #1	542,000	0.45%	1,100,000	0.90%
Taxpayer #2	501,600	0.41%	624,500	0.51%
Taxpayer #3	497,800	0.41%	552,100	0.45%
Taxpayer #4	483,200	0.40%	528,000	0.43%
Taxpayer #5	475,000	0.39%	497,800	0.41%
Taxpayer #6	448,200	0.37%	494,900	0.41%
Ross Fogg Oil Company	420,000	0.35%		
Taxpayer #7	420,000	0.35%	448,800	0.37%
Country Club of Salem			1,200,000	0.99%
Taxpayer #8			429,600	0.35%
<b>Total</b>	<b>\$ 5,562,800</b>	<b>4.58%</b>	<b>\$ 6,550,700</b>	<b>5.37%</b>

Source: District CAFR & Municipal Tax Assessor

**EXHIBIT J-9**

**EL SINBORO TOWNSHIP SCHOOL DISTRICT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
*(UNAUDITED)*

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	% of Levy	
2018	\$ 1,508,188	\$ 1,508,188	100%	\$
2017	1,485,885	1,485,885	100%	
2016	1,436,100	1,436,100	100%	
2015	1,407,960	1,407,960	100%	
2014	1,360,167	1,407,960	100%	
2013	1,324,320	1,360,167	100%	
2012	1,298,716	1,324,320	100%	
2011	1,273,610	1,298,716	100%	
2010	1,272,663	1,273,610	100%	
2009	1,272,781	1,272,663	100%	

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

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

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>		Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			Income <sup>a</sup>		
2018	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	N/A	\$ N/A	N/A
2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2013	17,185					17,185	0.04%		17
2012	33,772					33,772	0.08%		33
2011	49,794					49,794	0.12%		49
2010	65,291					65,291	0.15%		62
2009	80,289					80,289	0.19%		76

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

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

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property		Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions				
2018	\$ N/A	\$	\$ N/A	N/A	\$	N/A
2017	N/A		N/A	N/A		N/A
2016	N/A		N/A	N/A		N/A
2015	N/A		N/A	N/A		N/A
2014	N/A		N/A	N/A		N/A
2013	17,185		17,185	0.01%		17
2012	33,772		33,772	0.03%		33
2011	49,794		49,794	0.04%		49
2010	65,291		65,291	0.05%		62
2009	80,289		80,289	0.08%		76

\* Estimate

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

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

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

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

**ELSINBORO TOWNSHIP SCHOOL DISTRICT**  
**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2018**  
*(UNAUDITED)*

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Elsinboro Township	\$ -	100%	\$ -
<b>Other debt</b>			
Salem County - Township's Share	40,364,364	2.08%	840,450
Subtotal, Overlapping Debt			840,450
<b>Elsinboro Township School District Direct Debt</b>			
<b>Total Direct and Overlapping Debt</b>			<u>\$ 840,450</u>

**Sources:** Elsinboro Township Finance Officer and Salem County Finance Office

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

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

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

**Legal Debt Margin Calculation for Fiscal Year 2017**

	Equalized Valuation Basis	
	2017	\$ 105,332,381
	2016	104,474,300
	2015	106,135,611
	<b>[A]</b>	<b>\$ 315,942,292</b>
Average Equalized Valuation of Taxable Property	<b>[A/3]</b>	<b>\$ 105,314,097</b>
Debt Limit (3% of Average Equalization Value)	<b>[B]</b>	3,159,423 <sup>a</sup>
Net Bonded School Debt	<b>[C]</b>	-
Legal Debt Margin	<b>[B-C]</b>	<b>\$ 3,159,423</b>

**Fiscal Year,**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 3,167,993	\$ 3,442,518	\$ 3,442,518	\$ 3,391,946	\$ 3,429,742	\$ 3,357,537	\$ 3,296,921	\$ 3,202,794	\$ 3,183,900	\$ 3,159,423
Total Net Debt Applicable to Limit	80,289	65,291	49,794	33,772	17,185					
Legal Debt Margin	<u>\$ 3,087,704</u>	<u>\$ 3,377,227</u>	<u>\$ 3,392,724</u>	<u>\$ 3,358,174</u>	<u>\$ 3,412,557</u>	<u>\$ 3,357,537</u>	<u>\$ 2,141,438</u>	<u>\$ 3,202,794</u>	<u>\$ 3,183,900</u>	<u>\$ 3,159,423</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2.53%	1.90%	1.45%	1.00%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

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

<u>Year</u>	<u>Population</u> <sup>a</sup>	<u>Personal Income (thousands of dollars)</u> <sup>b</sup>	<u>Per Capita Personal Income</u> <sup>c</sup>	<u>Unemployment Rate</u> <sup>d</sup>	
2018	*	996	\$ 46,903,442	\$ 47,081	7.25%
2017		976	43,179,976	46,124	7.10%
2016		982	44,373,634	45,187	7.80%
2015		991	42,125,000	44,269	10.00%
2014		1,000	42,381,027	42,426	8.00%
2013		1,008	42,626,955	41,574	11.60%
2012		1,019	42,630,300	41,193	14.20%
2011		1,027	42,372,140	41,477	9.00%
2010		1,034	41,040,494	40,095	11.80%
2009		1,050	40,921,650	39,445	3.40%

\*Estimate

**Source:**

<sup>a</sup> For Salem County, Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income

<sup>c</sup> Per Capita

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

N/A Not Available at time of Audit



**EL SINBORO TOWNSHIP SCHOOL DISTRICT**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
*(UNAUDITED)*

<b>Employer*</b>	<b>2018</b>		<b>2009</b>	
	<b>Employees</b>	<b>Percentage of Total Employment</b>	<b>Employees</b>	<b>Percentage of Total Employment</b>
PSEG	1,595	5.48%		
Mannington Mills	800	2.75%		
Memorial Hospital of Salem Count	720	2.47%		<b>Not Available</b>
EI duPont	685	2.35%		
McLane NJ	401	1.38%		
RE Pierson Construction	400	1.37%		
Inspira Health Network	400	1.37%		
Ardagh Group (Anchor Glass)	376	1.29%		
Larchmont Farms	275	0.94%		
Walmart	250	0.86%		
Salem County Community College	180	0.62%		
B & B Poultry Co., Inc.	175	0.60%		
Atlantis Rehabilitation	170	0.58%		
Southgate Healthcare Center	170	0.58%		
Home Care & Hospice Care of SJ	160	0.55%		
Ross Fogg Fuel Oil, Inc.	160	0.55%		
CFJ Properties	150	0.52%		

**Source:** Salem County Economic Resource Guide

\* Salem County

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

<b><u>Function/Program</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
Instruction										
Regular	10.6	10.6	10.6	11.6	11.6	11.6	12.1	14.2	13.0	12.0
Special Education	1.0	2.0	2.0	1.0	1.0	1.0	2.0	2.0	3.0	4.0
Other Special Education										
Vocational										
Other instruction										
Support Services:										
Tuition										
Student & Instruction Related Services	1.0	1.0	1.0	1.0	1.0	2.0	3.0	2.0	2.0	1.0
General Administrative Services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1.5
School Administrative Services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1.0
Business Administrative Services		1	1.0	0.3	0.3	0.3				
Plant Operations and Maintenance		1	1.0	1.0	1.0	1.0	1.0	1.4	1.4	1.4
Food Service				1	0.5	0.5	0.8	1.0	1.0	0.5
<b>Total</b>	<b>13.6</b>	<b>16.6</b>	<b>16.6</b>	<b>16.4</b>	<b>16.4</b>	<b>17.4</b>	<b>19.9</b>	<b>21.6</b>	<b>21.4</b>	<b>21.4</b>

**Source:** District Personnel Records

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

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures<sup>a</sup></u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff<sup>b</sup></u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)<sup>c</sup></u>	<u>Average Daily Attendance (ADA)<sup>c</sup></u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2018	134	\$ 2,544,256	\$ 18,987	13.62%	15.0	9 : 1	124.3	118.2	-4.38%	95.06%
2017	142	2,424,717	17,075	2.18%	15.0	9 : 1	130.0	123.0	2.52%	94.62%
2016	142	2,372,943	16,711	-1.44%	15.2	8 : 1	126.8	120.6	-0.39%	95.11%
2015	139	2,356,860	16,956	-2.78%	14.1	9 : 1	127.3	121.0	-5.00%	95.05%
2014	134	2,337,055	17,441	-4.51%	12.6	11 : 1	134.0	128.0	13.27%	95.52%
2013	119	2,173,363	18,264	5.58%	12.6	9 : 1	118.3	112.8	19.37%	95.35%
2012	120	2,075,726	17,298	7.69%	12.6	8 : 1	99.1	94.6	2.38%	95.46%
2011	127	2,039,889	16,062	2.04%	11.6	9 : 1	96.8	92.4	-2.42%	95.45%
2010	130	2,046,250	15,740	13.43%	11.6	8 : 1	99.2	93.7	-1.49%	94.46%
2009	137	1,901,132	13,877	-17.52%	11.6	8 : 1	100.7	95.9	-5.62%	95.23%

Sources: District records

Note: Enrollment based on annual October district count.

Enrollment includes Salem High School enrollment of 12

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

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Elsinboro Elementary (1951)										
Square Feet	17,548	17,548	17,548	17,548	17,548	17,548	17,548	17,548	17,548	17,548
Capacity (Students)	202	202	202	202	202	202	202	202	202	202
Enrollment	104	97	101	100	119	134	127	127	132	125

Number of Schools at June 30, 2018

    Elementary = 1

    Middle School = 0

    Other = 0

**Source:** District records, ASSA

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

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

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

<u>School Facilities</u>	<u>Gross Square Footage</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Elsinboro Elementary	17,548	\$ 17,729	\$ 12,987	\$ 18,474	\$ 16,282	\$ 24,796	\$ 15,209	\$ 16,045	\$ 15,568	\$ 16,478	\$ 26,442
Total School Facilities		<u>17,729</u>	<u>12,987</u>	<u>18,474</u>	<u>16,282</u>	<u>24,796</u>	<u>15,209</u>	<u>16,045</u>	<u>15,568</u>	<u>16,478</u>	<u>26,442</u>
Other Facilities											
Grand Total		<u>\$ 17,729</u>	<u>\$ 12,987</u>	<u>\$ 18,474</u>	<u>\$ 16,282</u>	<u>\$ 24,796</u>	<u>\$ 15,209</u>	<u>\$ 16,045</u>	<u>\$ 15,568</u>	<u>\$ 16,478</u>	<u>\$ 26,442</u>

**ELSINBORO TOWNSHIP SCHOOL DISTRICT**  
**INSURANCE SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**  
*(UNAUDITED)*

<b><u>Company</u></b>	<b><u>Type of Coverage</u></b>	<b><u>Coverage</u></b>	<b><u>Deductible</u></b>
SAIF	Property Blanket Building & Contents	\$ 2,769,416	\$ 2,500
	Comprehensive General Liability		
	Personal and Advertising Injury	5,000,000	
	Bodily Injury and Property Damage	5,000,000	
	Products and Completed Operations	5,000,000	
	Commercial Excess	5,000,000	
	Comprehensive Automobile Liability	5,000,000	
	Comprehensive Crime Coverage	500,000	1,000
	Premises Pollution	1,000,000	10,000
	Board of Education Legal Liability	5,000,000	5,000
NJSBAIG	Workers Compensation	2,000,000	
National Union Fire Insurance Company	Compulsory Student Accident	25,000	
	Catastrophic Student Accident Coverage		
	Maximum Benefit per Participant	2,000,000	
	Cash Benefit - Maximum Benefit	500,000	
The Ohio Casualty Insurance Company	Treasurer's Bond	150,000	
	Business Administrator's Bond	50,000	

**Source: District Records**

**SINGLE AUDIT SECTION**

# NIGHTLINGER, COLAVITA & VOLPA

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

### INDEPENDENT AUDITOR'S REPORT

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the of Education of the Elsinboro Township School District, in the County of Salem, State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the of Education of the Elsinboro Township School District's basic financial statements, and have issued our report thereon dated January 23, 2019.

#### Internal Control Over Financial Reporting

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

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



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

**Compliance and Other Matters**

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


**Purpose of this Report**

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

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

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, PA**



Raymond Colavita, CPA  
Licensed Public School Accountant

No. 915

January 23, 2019

# NIGHTLINGER, COLAVITA & VOLPA

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*Certified Public Accountants*

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## REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08

### INDEPENDENT AUDITOR'S REPORT

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

#### Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Elsinboro Township School District, in the County of Salem, State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Elsinboro Township School District's major federal and state programs for the fiscal year ended June 30, 2018. The Elsinboro Township Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### Management's Responsibility

Management is responsible for compliance with the requirements of federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

#### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Elsinboro Township Board of Education's major federal and state 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 as prescribed by the *Office of School Finance, Department of Education, State of New Jersey, Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey Treasury Circular OMB 15-08*. Those standards, *Uniform Guidance and New Jersey Treasury Circular OMB 15-08*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Elsinboro Township Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Elsinboro Township Board of Education's compliance.

**Opinion on Each Major Program**

In our opinion, the Board of Education of the Elsinboro Township School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2018.

**Report on Internal Control Over Compliance**

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

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

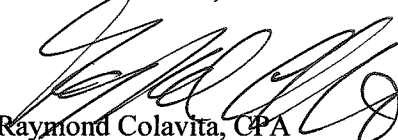
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above or any instance of deficiency in internal control over compliance that we have to report to the Board of Education in a separate report entitled *Auditors' Management Report on Administrative Findings-Financial, Compliance and Performance* dated January 23, 2019. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and New Jersey Treasury Circular OMB 15-08.

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

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, PA**



Raymond Colavita, CPA  
Licensed Public School Accountant No. 915  
January 23, 2019

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period		Program or Award Amount	June 30, 2017		Cash Received	Budgetary Pass Through Funds	Budgetary Expenditures Direct	Total Budgetary Expenditures (A)	June 30, 2018												
				From	To		(Accounts Receivable)	Unearned Revenue					(Accounts Receivable)	Unearned Revenue	Due to Grantor										
<b>U.S. Department of Education</b>																									
General Fund																									
Total General Fund																									
<b>U.S. Department of Agriculture</b>																									
<b>Passed-through State Department of Education:</b>																									
Enterprise Fund:																									
Child Nutrition Cluster:																									
Cash Assistance:																									
National School Lunch Program	10.555	181NJ304N1099	N/A	7/1/17	6/30/18	25,597	\$	\$	\$	24,413	\$	(25,597)	\$	(25,597)	\$	(1,184)	\$								
National School Lunch Program	10.555	171NJ304N1099	N/A	7/1/16	6/30/17	25,527				912		(912)													
National School Breakfast Program	10.553	181NJ304N1099	N/A	7/1/17	6/30/18	6,185				5,788		(6,185)		(6,185)		(397)									
National School Breakfast Program	10.553	171NJ304N1099	N/A	7/1/16	6/30/17	8,440				526		(526)													
Non-Cash Assistance:																									
Food Distribution Program	10.565	Unknown	N/A	7/1/17	6/30/18	3,441				3,441		(3,441)		(3,441)											
Total Enterprise Fund														(1,438)		35,080		(35,223)		(35,223)		(1,581)			
<b>U.S. Department of Education</b>																									
<b>Passed-through State Department of Education:</b>																									
Special Revenue Fund:																									
Title I, Part A	84.010A	S010A170030	NCLB-1350-18	7/1/17	6/30/18	31,218				31,218		(31,218)		(31,218)											
Title II, Part A	84.367A	S367A170029	NCLB-1350-18	7/1/17	6/30/18	2,492				2,492		(2,492)		(2,492)											
Title IV	84.424	S424A170031	NCLB-1350-18	7/1/17	6/30/18	10,000				10,000		(10,000)		(10,000)											
REAP	84.358A	S358A172524	REAP-1350-18	7/1/17	9/30/18	21,738				21,738		(21,738)		(21,738)											
IDEA Cluster:																									
I.D.E.A. Part B	84.027	H027A170100	IDEA-1350-18	7/1/17	6/30/18	62,166				42,504		(42,504)		(42,504)											
I.D.E.A. Part B	84.027	H027A170100	IDEA-1350-17	7/1/16	6/30/17	42,140		(2,625)		22,287		(19,662)		(19,662)											
I.D.E.A. Preschool	84.173	H173A170114	IDEAPS-1350-18	7/1/17	6/30/18	691				691		(691)		(691)											
Total Special Revenue Fund														(2,625)		130,930		(128,305)		(128,305)					
Total Federal Financial Awards															\$	(4,063)	\$	166,010	\$	(163,528)	\$	(163,528)	\$	(1,581)	\$

(A) There were no awards passed through to subrecipients.

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

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

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

State Grantor/Program Title	Grant or State Project Number	Grant Period		Program or Award Amount	Balance at June 30, 2017		Cash Received	Budgetary Expenditures	Balance at June 30, 2018			Budgetary Receivable	Cumulative Total Expenditures	
		From	To		(Accounts Receivable)	Unearned Revenue			(Accounts Receivable)	Unearned Revenue	Due to Grantor			
<b>State Department of Education</b>														
General Fund														
Equalization Aid	17-495-034-5120-078	7/1/16	6/30/17	\$ 304,277	\$ (30,874)		\$ 30,874							
Equalization Aid	18-495-034-5120-078	7/1/17	6/30/18	318,391			286,301	\$ (318,391)	\$ (32,090)			* \$ (32,090)	\$ 318,391	
Special Education Categorical Aid	17-495-034-5120-089	7/1/16	6/30/17	71,518	(7,257)		7,257							
Special Education Categorical Aid	18-495-034-5120-089	7/1/17	6/30/18	71,518			64,310	(71,518)	(7,208)			* (7,208)	71,518	
Transportation Aid	17-495-034-5120-014	7/1/16	6/30/17	55,004	(5,581)		5,581							
Transportation Aid	18-495-034-5120-014	7/1/17	6/30/18	55,004			49,460	(55,004)	(5,544)			* (5,544)	55,004	
Security Aid	17-495-034-5120-084	7/1/16	6/30/17	21,003	(2,131)		2,131							
Security Aid	18-495-034-5120-084	7/1/17	6/30/18	21,003			18,886	(21,003)	(2,117)			* (2,117)	21,003	
Adjustment Aid	17-495-034-5120-085	7/1/16	6/30/17	80,596	(8,178)		8,178							
Adjustment Aid	18-495-034-5120-085	7/1/17	6/30/18	80,596			72,473	(80,596)	(8,123)			* (8,123)	80,596	
School Choice Aid	17-495-034-5120-068	7/1/16	6/30/17	469,345	(47,623)		47,623							
School Choice Aid	18-495-034-5120-068	7/1/17	6/30/18	469,345			422,041	(469,345)	(47,304)			* (47,304)	469,345	
Under Adequacy Aid	17-495-034-5120-096	7/1/16	6/30/17	4,066	(413)		413							
Under Adequacy Aid	18-495-034-5120-096	7/1/17	6/30/18	4,066			3,656	(4,066)	(410)			* (410)	4,066	
Additional Adjustment Aid	17-495-034-5120-085	7/1/16	6/30/17	10,915	(1,108)		1,108							
Additional Adjustment Aid	18-495-034-5120-085	7/1/17	6/30/18	10,915			9,815	(10,915)	(1,100)			* (1,100)	10,915	
PARCC Readiness aid	17-495-034-5120-098	7/1/16	6/30/17	1,580	(160)		160							
PARCC Readiness aid	18-495-034-5120-098	7/1/17	6/30/18	1,580			1,421	(1,580)	(159)			* (159)	1,580	
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16	6/30/17	1,580	(160)		160							
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17	6/30/18	1,580			1,421	(1,580)	(159)			* (159)	1,580	
Prof Learning Comm Aid	17-495-034-5120-101	7/1/16	6/30/17	1,540	(156)		156							
Prof Learning Comm Aid	18-495-034-5120-101	7/1/17	6/30/18	1,540			1,385	(1,540)	(155)			* (155)		
Nonpublic Transportation Aid	18-495-034-5120-014	7/1/17	6/30/18	870				(870)	(870)			*	870	
Reimbursed TPAF Social Security Contrib.	18-495-034-5094-003	7/1/17	6/30/18	63,444			63,444	(63,444)				*	63,444	
Total General Fund					(103,641)		1,098,254	(1,099,852)	(105,239)				(104,369)	1,098,312
Capital Projects Fund:														
NJSDA Grant	1350-050-14-G3LL	7/1/15	Closing	490,343	(443,505)				(443,505)					
<b>State Department of Agriculture</b>														
Enterprise Fund:														
National School Lunch Prog. (State Share)	17-100-010-3350-023	7/1/16	6/30/17	524	(19)		19							
National School Lunch Prog. (State Share)	18-100-010-3350-023	7/1/17	6/30/18	577			550	(577)	(27)			*		
Total Enterprise Fund					(19)		569	(577)	(27)					
Total State Financial Assistance Subject to OMB 15-08					\$ (547,165)		\$ 1,098,823	\$(1,100,429)	\$(548,771)				\$ (104,369)	\$ 1,098,312
State Financial Assistance Not Subject to OMB 15-08														
On-Behalf TPAF Post Retirement Medical	18-495-034-5094-001	7/1/17	6/30/18	83,314			\$ 83,314	\$ (83,314)						
On-Behalf TPAF Pension Contribution	18-495-034-5094-002	7/1/17	6/30/18	128,993			128,993	(128,993)						
On-behalf TPAF Long-term Disability Contrib	18-495-034-5094-004	7/1/17	6/30/18	196			196	(196)						
Total State Financial Assistance							\$ 1,311,326	\$(1,312,932)						

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

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2018**

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and New Jersey Treasury Circular OMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(728) for the general fund and \$0 for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

**TOWNSHIP OF ELSINBORO SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2018**  
**(Continued)**

	<u>Federal</u>		<u>State</u>		<u>Total</u>
General Fund	\$		\$ 1,311,627	\$	1,311,627
Special Revenue Fund		128,305			128,305
Food Service Fund		<u>35,223</u>		<u>577</u>	<u>35,800</u>
Total Financial Assistance	\$	<u>163,528</u>	\$	<u>1,312,204</u>	\$ <u>1,475,732</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

The Elsinboro School District had no loan balances outstanding during the year ended June 30, 2018.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions, if any, represents the amount paid by the state on behalf of the district for the year ended June 30, 2018. 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, 2018.

NOTE 7: SCHOOL-WIDE PROGRAM FUNDS

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

ELSINBORO TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted? \_\_\_\_\_ yes      X   no

Federal Awards            N/A

Internal control over major programs:

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

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

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:

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

N/A

Dollar threshold used to distinguish between type A and type B programs (section 518): N/A

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes    \_\_\_\_\_ no



ELSINBORO TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(continued)

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

State Awards

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

Auditee qualified as low-risk auditee?  X  yes   no

Internal control over major programs:

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

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

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

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

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
18-495-034-5120-078	Equalization Aid
18-495-034-5120-089	Special Education Categorical Aid
18-495-034-5120-084	Security Aid
18-495-034-5120-096	Under Adequacy Aid
18-495-034-5120-098	PARCC Readiness Aid
18-495-034-5120-097	Per Pupil Growth Aid
18-495-034-5120-085	Adjustment / Additional Adjustment Aid
18-495-034-5120-101	Professional Learning Community Aid
18-495-034-5120-068	School Choice Aid

**ELSINBORO TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(continued)**

**Section II - Financial Statement Findings**

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

**Finding:** N/A

**Criteria or specific requirement:**

**Condition:**

**Context:**

**Effect:**

**Cause:**

**Recommendation:**

**Views of responsible officials and planned corrective actions:**

ELSINBORO TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(continued)

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* and NJOMB Circular Letter 15-08, as applicable.

**FEDERAL AWARDS - N/A**

**Finding:**

**Information on the federal program:**

**Criteria or specific requirement:**

**Condition:**

**Questioned Costs:**

**Context:**

**Effect:**

**Cause:**

**Recommendation:**

**Views of responsible officials and planned corrective actions:**

**STATE AWARDS - N/A**

**Finding:**

**Information on the state program:**

**Criteria or specific requirement:**

**Condition:**

**Questioned Costs:**

**Context:**

**Effect:**

**Cause:**

**Recommendation:**

**Management's response:**

**ELSINBORO TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**STATUS OF PRIOR - YEAR FINDINGS**

There were no prior year findings.