

**Elk Township School District
Board of Education
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019**

ELK TOWNSHIP SCHOOL DISTRICT

AURA, NEW JERSEY

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

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

For the Fiscal Year Ended June 30, 2019

Prepared by:

**Elk Township School
Board of Education Administration**

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INTRODUCTORY SECTION



ELK TOWNSHIP SCHOOL DISTRICT **Aura Elementary School**

900 Clems Run • Glassboro, NJ 08028 • 856-881-4551 • www.elk.k12.nj.us

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

November 25, 2019

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

Dear Board Members and Constituents:

The comprehensive annual financial report of the Elk Township School District for the fiscal year ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections:

- The Introductory Section contains a table of contents, letter of transmittal, list of principal officials, and an organizational chart of the District;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the basic financial statements, and notes providing an overview of the District's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis;
- The Single Audit Section - The District is required to undergo an annual audit in conformity with the provisions of the Single Audit Act of 1986, and the *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* "Audits of State and Local Governments," and the New Jersey OMB's Circular Letter 15-08, [Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments](#). Information related to this single audit, including

the auditors' reports on the internal control structure and compliance with applicable laws and regulations, and findings and recommendations, if any, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES:

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

The Elk Township Board of Education and its school constitutes the District's reporting entity. The District provides a full range of educational services appropriate to grade levels Pre-K through 6. These include regular, as well as special education for handicapped youth. The District completed the 2018-19 fiscal year with an average daily enrollment of 348 students, which is 25 students less than the previous year's enrollment.

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

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

A Gifted and Talented program is provided to students in grades four through six that is thematic based and occurs during Academic Enrichment. Students will work with programming and coding, arts integration, and the Stock Market as they engage in problem solving and creative thinking. Identified students in grades kindergarten through three are provided with in-class activities to differentiate instruction and literacy activities through the Accelerated Reader program. They also participate in a STEAM program which occurs during extended learning time.

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

The Elk Township School District offers a caring, nurturing atmosphere conducive to the students' academic, social, and emotional growth. Due to the District's partnership with their secondary District, Elk was included in the MS Culture and Climate grant that was recently awarded by the Federal government, providing the District with professional development, programs, and resources over the next four years.

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

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

2) ECONOMIC CONDITION AND OUTLOOK:

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

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

3) MAJOR INITIATIVES:

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

Literacy and Math

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

Technology

Technology in the Elk Township School District is viewed as critical to school reform because of its capacity to support and enhance learning and instruction. Interaction via a multitude of educational software programs, a 1:1 ChromeBook initiative in grades four through six, Google apps, email, and the Internet leads to 21st Century Learning and is revolutionizing the way Aura students learn. Technology has been integrated into

every aspect of our curriculum. Professional development is provided to our teachers to continually upgrade their skills. The District's facility is equipped with computers in each classroom and four wireless laptop/netbook carts. In addition, kindergarten through third grade classrooms all have a Chromebook cart with devices for each student. Again, in 2014, the Elk Township Board of Education made a major financial commitment to the improvement of the technology infrastructure. Wireless hotspots have been increased throughout the building to increase connectivity. Students take weekly technology classes in the school's computer lab and every classroom is equipped with an interactive Promethean Board so that technology is woven into instruction on a daily basis. In order to prepare students for 21st Century Readiness, Aura Elementary School recognizes that it is more than purchasing devices or increasing teacher professional development. Enhancing learning and increasing opportunities for success requires a diligent commitment to shifting thoughts about teaching and learning while increasing equity and access. The 2016-2019 Technology Plan for Digital Learning is one of rigor and challenging goals for all stakeholders. The District offers a robust environment that challenges students and staff to remain current with technology while continuing to be progressive with our objectives.

The Arts

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

Professional Development

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

4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

5) BUDGETARY CONTROLS:

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

6) ACCOUNTING SYSTEM AND REPORTS:

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

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

7) MANAGEMENT'S DISCUSSION AND ANALYSIS:

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

8) CASH MANAGEMENT:

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

9) RISK MANAGEMENT:

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

10) INDEPENDENT AUDIT:

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

11) AWARDS – EDUCATIONAL:

The District, in partnership with three other districts, was awarded a 2.4 million federal grant over four years focused on culture and climate. This grant will allow the District to implement PBIS, restorative justice, student voice, and climate initiatives.

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

12) ACKNOWLEDGMENTS:

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

Respectfully Submitted,

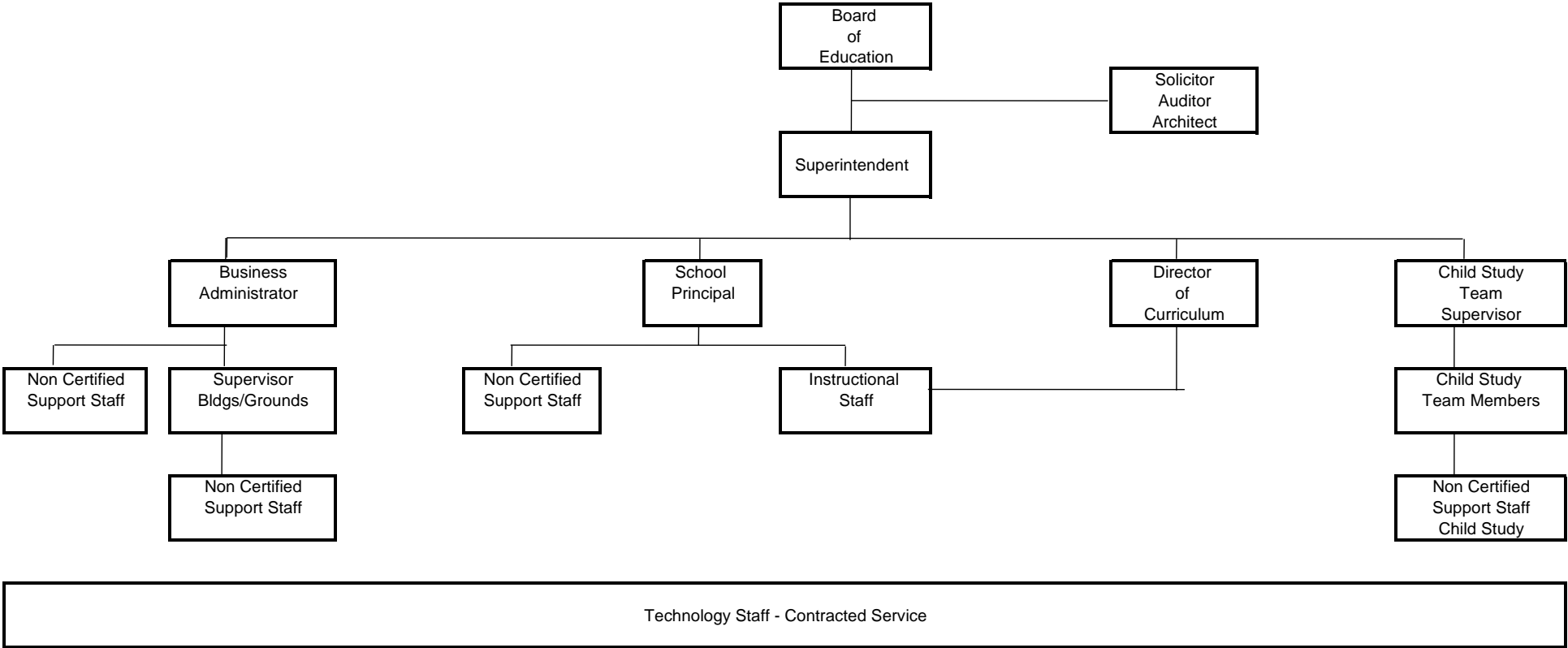
Dr. Piera Gravenor

Dr. Piera Gravenor
Superintendent

Joseph M. Collins, CPA

Joseph M. Collins, CPA
Business Administrator/Board Secretary

**ELK TOWNSHIP BOARD OF EDUCATION
ORGANIZATIONAL CHART**



ELK TOWNSHIP BOARD OF EDUCATION

Elk Township, New Jersey

ROSTER OF OFFICIALS

June 30, 2019

MEMBERS OF THE BOARD OF EDUCATION	Term Expires
Mary Nicoletto, President	2019
Jennifer Wirtz, Vice President	2019
Matthew Carelli	2019
Kevin French	2020
Cheryl L. Potter	2020
Mary Snively	2020
Danielle Bland	2021
J. Wilson Hughes, Jr.	2021
Angelique Stoney-Siplin	2021

OTHER OFFICIALS

- Dr. Piera Gravenor, Superintendent
- Joseph M. Collins, CPA, Business Administrator/Board Secretary
- Stephen Considine, Treasurer
- Frank P. Cavallo, Jr., Solicitor

ELK TOWNSHIP BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

ARCHITECTS

Garrison Architects
713 Creek Road
Bellmawr, NJ 08031

AUDIT FIRM

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

ATTORNEY

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

OFFICIAL DEPOSITORY

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

FINANCIAL SECTION

PETRONI & ASSOCIATES LLC

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

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Governmental Activities, the Business-type Activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Elk Township School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities, the Business-type Activities, each major fund, and the aggregate remaining fund information of the Elk Township Board of Education as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

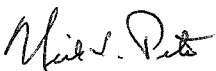
The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by the Uniform Guidance, and the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants,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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2019, on our consideration of the Elk Township Board of Education's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering Elk Township Board of Education's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



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

November 25, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2019
Unaudited

This section of Elk Township Public School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019. Comparative financial data is presented. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Areas of Interest

Key financial highlights for 2019 are as follows:

- In total, net position increased from \$2,146,593 (as restated) in FY 2018 to \$2,727,464 (See Exhibit A-1) in FY 2019 which is a \$580,871 increase or a 27% increase from fiscal year 2018. This was mainly due to an increase in revenue.
- General revenues accounted for \$7,547,498 in revenue (See Exhibit A-2) or 93% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$502,138 or 7% of total revenues of \$8,049,636.
- The District had \$7,430,026 in expenses; only \$502,138 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and state aid) of \$7,547,498 were adequate to provide for these programs.
- Among Governmental Funds, the General Fund, the District's most significant fund, had \$6,897,554 in revenues and \$6,348,239 in expenditures (see Exhibit B-2). The fund balance for the General Fund increased \$568,775 over fiscal year 2018. This increase was partially due to increases in revenue of \$498,501.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole, looks at all financial transactions and asks the question, "How did we do financially during 2018-2019?" The Statement of Net Position and the Statement of Activities answer this question.

Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2019
Unaudited

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

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

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

Enterprise Fund

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

Elk Township Board of Education
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Notes to the Financial Statements

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

The School District as a Whole

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

Table 1 provides a summary of the School District's net position for fiscal years 2019 and 2018.

Table 1
Elk Township School District's Net Position

	Business-		Business-		Total	Total
	Governmental	type	Governmental	type		
	Activities		Activities			
	2019		2018	2019	2018	
Assets						
Current and other assets	\$ 2,134,931	\$ 384,206	\$ 1,428,872	\$ 344,517	\$ 2,519,137	\$ 1,773,389
Capital assets	3,038,356	7,936	3,166,620	8,892	3,046,292	3,175,512
Total assets	<u>5,173,287</u>	<u>392,142</u>	<u>4,595,492</u>	<u>353,409</u>	<u>5,565,429</u>	<u>4,948,901</u>
Deferred Outflows of Resources						
Deferred bond issuance costs, net	6,626		8,283		6,626	8,283
Deferred outflows related to pension	83,289		22,993			22,993
Total deferred outflows of resources	<u>89,915</u>		<u>31,276</u>		<u>6,626</u>	<u>31,276</u>
Liabilities						
Long-term liabilities	1,989,124		17,532,115		1,989,124	17,532,115
Other liabilities	250,491	13,519	244,833	13,525	264,010	258,358
Total liabilities	<u>2,239,615</u>	<u>13,519</u>	<u>17,776,948</u>	<u>13,525</u>	<u>2,253,134</u>	<u>17,790,473</u>
Deferred Inflows of Resources						
Deferred inflows related to pension	296,123				296,123	
Deferred inflows related to OPEB			1,943,354			1,943,354
	<u>296,123</u>		<u>1,943,354</u>		<u>296,123</u>	<u>1,943,354</u>
Net Position						
Invested in capital assets, Net of related debt	2,291,079	7,936	2,361,620	8,892	2,299,015	2,370,512
Restricted	1,883,098		1,279,186		1,883,098	1,279,186
Unrestricted	(1,446,713)	370,687	(18,734,340)	330,992	(1,076,026)	(18,403,348)
Total net position	<u>\$ 2,727,464</u>	<u>\$ 378,623</u>	<u>\$ (15,093,534)</u>	<u>\$ 339,884</u>	<u>\$ 3,106,087</u>	<u>\$ (14,753,650)</u>

Elk Township Board of Education
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The School District as a Whole (Continued)

The District's combined net position was \$3,106,087 on June 30, 2019. This was a 25% increase from the prior year.

Total assets increased \$616,528. There was an increase in current and other assets.

Total liabilities decreased \$240,565 due mainly to pension liability.

Table 2 shows changes in net position for fiscal years 2019 and 2018.

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

	Business-		Business-		Total 2019	Total 2018
	Governmental	type	Governmental	type		
	Activities		Activities			
	2019		2018			
Revenues:						
Program revenues						
Charges for services	\$ 40,773	\$ 105,136	\$ 61,930	\$ 98,495	\$ 145,909	\$ 160,425
Operating grants and contributions	280,836	75,393	258,011	80,359	356,229	338,370
General revenues						
Property taxes	3,433,041		3,019,554		3,433,041	3,019,554
Federal and state aid not restricted	3,994,372		3,361,851		3,994,372	3,361,851
Other	127,336	978	184,809	345	128,314	185,154
Total revenue	<u>7,876,358</u>	<u>181,507</u>	<u>6,886,155</u>	<u>179,199</u>	<u>8,057,865</u>	<u>7,065,354</u>
Expenses:						
Instruction	2,456,749		2,461,689		2,456,749	2,461,689
Student support services	942,767		1,090,132		942,767	1,090,132
School administration	140,926		124,925		140,926	124,925
General & bus. administration	136,763		161,765		136,763	161,765
Plant operations & maintenance	462,327		445,767		462,327	445,767
Pupil transportation	466,731		578,000		466,731	578,000
Unallocated benefits	2,439,342		2,509,218		2,439,342	2,509,218
Food service		116,547		118,398	116,547	118,398
Childcare		26,221		21,906	26,221	21,906
Unallocated depreciation	207,766		207,690		207,766	207,690
Other	33,887		39,411		33,887	39,411
Total expenses	<u>7,287,258</u>	<u>142,768</u>	<u>7,618,597</u>	<u>140,304</u>	<u>7,430,026</u>	<u>7,758,901</u>
Transfers						
Prior year receivables canceled	(8,229)		(10,526)		(8,229)	
Increase (decrease) in net position	<u>\$ 580,871</u>	<u>\$ 38,739</u>	<u>\$ (742,968)</u>	<u>\$ 38,895</u>	<u>\$ 619,610</u>	<u>\$ (693,547)</u>

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

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

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The School District as a Whole (Continued)

There was an increase in property taxes of \$413,487. The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the District budget and related tax levy.

Governmental Activities

The District's total revenues for Governmental Activities were \$7,340,034 (see Exhibit B-2) for the year ended June 30, 2019. Federal and state aid accounted for 51% of revenues. Property taxes made up 47% of revenues for Governmental Activities.

The total cost of all programs and services was \$6,791,615. Instruction and instruction related activities were \$3,515,595, which accounts for 52% of District expenses.

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

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

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

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

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

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

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

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Governmental Activities (Continued)

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

	Total Cost of Services 2019	Net Cost of Services 2019	Total Cost of Services 2018	Net Cost of Services 2018
Instruction:	\$ 2,456,749	\$ 2,175,913	\$ 2,461,689	\$ 2,203,678
Support services:				
Pupils and instructional staff	942,767	942,767	1,090,132	1,090,132
School administration	140,926	140,926	124,925	124,925
General & bus. administration	136,763	136,763	161,765	161,765
Plant operations & maintenance	462,327	421,554	445,767	383,837
Pupil transportation	466,731	466,731	578,000	578,000
Unallocated benefits	2,439,342	2,439,342	2,509,218	2,509,218
Other	241,653	241,653	247,101	247,101
Total expenses	<u>\$ 7,287,258</u>	<u>\$ 6,965,649</u>	<u>\$ 7,618,597</u>	<u>\$ 7,298,656</u>

Of the \$6,791,707 total cost of services for fiscal year 2019, \$6,470,098 for activities which are not self-supporting and are supported by tax revenue and unrestricted aid.

Business-type Activities

Business-type Activities include the food service and childcare operation. These programs had revenues of \$180,529 and expenses of \$142,768 for fiscal year 2019. The District received 42% of its revenues from grants from the federal and state reimbursable lunch and breakfast programs. Revenues from federal and state grant programs are driven by participation. Because program revenues are not adequate to cover the cost of running the food service program, the Board of Education can elect to raise the prices of student and adult lunches.

The School District's Funds

All Governmental Funds (i.e., General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$7,340,034 and expenditures were \$6,791,615. The schedules included in the financial section of this report demonstrate that the District continues to meet its responsibility for sound financial management.

The following schedules present a summary of the revenues of the Governmental Funds for the fiscal year ended June 30, 2019, and the amount and percentage of increases and decreases in relation to prior year revenues. The Capital Projects Fund is not included in the schedule because revenue in this fund is infrequent and cannot be compared to the prior year.

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The School District's Funds (Continued)

Table 4 - Revenue Comparison

Revenue	Amount	Percent of Total	Increase (Decrease) from 2018	Percent of Increase (Decrease)
Local sources	\$ 3,560,377	48.51%	\$ 356,014	11.11%
State sources	3,541,358	48.25%	143,169	4.21%
Federal sources	238,299	3.25%	16,626	7.50%
	<u>\$ 7,340,034</u>	<u>100.00%</u>	<u>\$ 515,809</u>	<u>7.56%</u>

The increase in state sources is the result of changes in state aid calculations. The increase in local sources is attributable to a decrease in tuition of \$73,643 and an increase in property taxes of \$413,487.

The following schedule presents a summary of General Fund, Special Revenue Fund, and Debt Service Fund expenditures for the fiscal year ended June 30, 2019, and the amount and percentage of increases and decreases in relation to prior year expenditures.

Table 5 - Expenditure Comparison

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2018	Percent of Increase (Decrease)
Current expense:				
Instruction	\$ 2,533,316	37.30%	\$ 33,020	13.20%
Undistributed	4,053,547	59.68%	30,055	0.75%
Debt service	161,632	2.38%	(5,524)	-3.30%
Capital outlay	43,120	0.63%	(4,037)	-8.56%
	<u>\$ 6,791,615</u>	<u>100.00%</u>	<u>\$ 53,514</u>	<u>0.79%</u>

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

General Fund Budgeting Highlights

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

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

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

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General Fund Budgeting Highlights (Continued)

For the General Fund, total revenues on the budget basis were \$6,902,582. The state contribution for the TPAF members for pension and Social Security is neither a revenue item nor is it an expenditure to the District but is required to be reflected in the financial statements; elimination of this item will provide a more accurate comparison of budget to actual revenues and expenditures. The total revenues represent an increase of \$901,463 over the final budget amount.

Total expenditures, on the budget basis, were \$6,348,239. Expenditures were \$45,817 more than the final budget amount. The final budget includes amounts encumbered in the prior year to be expended in the current year. Expenditures were more than anticipated due to on-behalf contributions and capital leases that were not budgeted.

Capital Assets

At the end of fiscal year 2019, the School District had \$3,046,292 invested in land, buildings, and machinery and equipment for Governmental and Business-type Activities. Table 6 shows fiscal year 2019 balances compared to 2018.

Debt Administration

Table 6 - Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land & improvements	\$ 335,842	\$ 360,323			\$ 335,842	\$ 360,323
Buildings & improvements	2,337,888	2,469,935			2,337,888	2,469,935
Construction in progress	265,935	265,935			265,935	
Vehicles	32,299	35,007			32,299	35,007
Machinery & equipment	66,392	35,420	\$ 7,936	\$ 8,892	74,328	44,312
Total	\$ 3,038,356	\$ 3,166,620	\$ 7,936	\$ 8,892	\$ 3,046,292	\$ 2,909,577

At June 30, 2018, the School District had \$882,450 of outstanding debt. Of this amount, \$135,173 is for compensated absences; \$72,277 is for capital leases, and \$675,000 for bonds payable. The District continues to pay down its debt, decreasing bonds and capital leases in the amount of \$232,056 in fiscal year 2019.

Table 7 - Outstanding Debt at Year-End

	2019	2018
2008 general obligation bonds	\$ 675,000	\$ 805,000
Capital leases	72,277	98,810
Compensated absences payable	135,173	164,297
Total	\$ 882,450	\$ 1,068,107

Elk Township Board of Education
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For the Future

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

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

The Elk Township School District receives a majority of its revenue from two sources, state aid and local property taxes. State Aid has decreased the past two years with more decreases expected and a 2% mandated cap on property tax increases has created several challenges for the District to move forward with its curriculum.

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

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

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

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,084,409	\$ 354,237	\$ 1,438,646
Receivables, net	360,282	12,906	373,188
Interfund receivable	162,020	13,352	175,372
Inventory		3,711	3,711
Restricted assets:			
Cash and cash equivalents	3,400		3,400
Capital reserve account - cash	524,820		524,820
Capital assets:			
Non-depreciable	45,404		45,404
Assets net of depreciation	2,992,952	7,936	3,000,888
Total assets	<u>5,173,287</u>	<u>392,142</u>	<u>5,565,429</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred bond issuance costs, net	6,626		6,626
Deferred outflows related to pension	83,289		83,289
	<u>89,915</u>		<u>89,915</u>
LIABILITIES			
Accounts payable	53,763	424	54,187
Accrued interest payable	13,232		13,232
Deferred revenue	12,540	1,713	14,253
Deposits payable		6,966	6,966
Interfund payable	170,956	4,416	175,372
Noncurrent liabilities:			
Due within one year	130,000		130,000
Due beyond one year	752,452		752,452
Net pension liability	1,106,672		1,106,672
Total liabilities	<u>2,239,615</u>	<u>13,519</u>	<u>2,253,134</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	<u>296,123</u>		<u>296,123</u>
NET POSITION			
Invested in capital assets, net of related debt	2,291,079	7,936	2,299,015
Restricted for:			
Capital projects	3,380		3,380
Debt service	2		2
Other purposes	1,879,716		1,879,716
Unrestricted	(1,446,713)	370,687	(1,076,026)
Total net position	<u>\$ 2,727,464</u>	<u>\$ 378,623</u>	<u>\$ 3,106,087</u>

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
Instruction:							
Regular	\$ 1,747,688				\$ (1,747,688)		\$ (1,747,688)
Special education	269,473		\$ 280,836		11,363		11,363
Other special instruction	418,304				(418,304)		(418,304)
Other instruction	21,284				(21,284)		(21,284)
Support services:							
Tuition	91,434				(91,434)		(91,434)
Student & instructional related services	851,333				(851,333)		(851,333)
School administrative services	140,926				(140,926)		(140,926)
General & business administrative services	136,763				(136,763)		(136,763)
Plant operations & maintenance	462,327	\$ 40,773			(421,554)		(421,554)
Pupil transportation	466,731				(466,731)		(466,731)
Unallocated benefits	2,439,342				(2,439,342)		(2,439,342)
Interest on long-term debt	29,100				(29,100)		(29,100)
Amortization of bond issuance costs	1,657				(1,657)		(1,657)
Capital outlay	3,130				(3,130)		(3,130)
Unallocated depreciation	207,766				(207,766)		(207,766)
Total governmental activities	<u>7,287,258</u>	<u>40,773</u>	<u>280,836</u>		<u>(6,965,649)</u>		<u>(6,965,649)</u>
Business-type activities:							
Food service	116,547	49,373	75,393			\$ 8,219	8,219
Childcare	26,221	55,763				29,542	29,542
Total business-type activities	<u>142,768</u>	<u>105,136</u>	<u>75,393</u>			<u>37,761</u>	<u>37,761</u>
Total primary government	<u>\$ 7,430,026</u>	<u>\$ 145,909</u>	<u>\$ 356,229</u>		<u>\$ (6,965,649)</u>	<u>\$ 37,761</u>	<u>\$ (6,927,888)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					\$ 3,339,193		\$ 3,339,193
Taxes levied for debt service					93,848		93,848
Federal and state aid not restricted					3,994,372		3,994,372
Tuition received					102,810		102,810
Investment earnings					5,612	\$ 355	5,967
Miscellaneous Income					18,914		18,914
Prior year accounts payable canceled						623	623
Prior year receivables canceled					(8,229)		(8,229)
Total general revenues, special items, extraordinary items, and transfers					<u>7,546,520</u>	<u>978</u>	<u>7,547,498</u>
Change in net position					580,871	38,739	619,610
Net position - beginning					(15,093,534)	339,884	(14,753,650)
Prior period adjustment of OPEB liability					17,240,127		17,240,127
Restated net position - beginning					2,146,593		2,486,477
Net position - end					<u>\$ 2,727,464</u>	<u>\$ 378,623</u>	<u>\$ 3,106,087</u>

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

ELK TOWNSHIP BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,083,309			\$ 2	\$ 1,083,311
Receivables from other governments	194,785	\$ 164,792			359,577
Interfund accounts receivable	162,020				162,020
Restricted cash and cash equivalents	524,820		\$ 3,400		528,220
Total assets	\$ 1,964,934	\$ 164,792	\$ 3,400	\$ 2	2,133,128
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 52,765	\$ 220			52,985
Interfund accounts payable	13,835	157,101	\$ 20		170,956
Deferred revenue		12,540			12,540
Total liabilities	66,600	169,861	20		236,481
Fund balances:					
Restricted for:					
Capital reserve account	524,820				524,820
Excess surplus - current year	490,711				490,711
Excess surplus -prior year designated for subsequent year's expenditures	607,313				607,313
Debt service fund				\$ 2	2
Capital projects fund			3,380		3,380
Assigned fund balance:					
Other purposes	204,753				204,753
Designated by the BOE for subsequent year's expenditures	52,119				52,119
Unassigned fund balance:					
General fund	18,618				18,618
Special revenue fund		(5,069)			(5,069)
Total fund balances	1,898,334	(5,069)	3,380	2	1,896,647
Total liabilities and fund balances	\$ 1,964,934	\$ 164,792	\$ 3,400	\$ 2	

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2019

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

Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$7,656,273 and the accumulated depreciation is \$4,617,917 (See Note 7).	\$ 3,038,356
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds (See Note 8).	(882,452)
Net pension liability adjustment	(1,319,506)
Internal Service Funds are used by Management to charge the costs of certain activities, such as custodial services to other governments. Assets and liabilities of the Internal Service Fund of \$1,025 are included in the Statement of Net Position.	1,025
The costs associated with the issuance of bonds are expensed in the Governmental Funds in the year the bonds are issued but are capitalized on the Statement of Net Position. The bond issuance cost is \$24,853 and accumulated amortization is \$18,227.	6,626
Interest on long-term debt in the Statement of Activities is accrued, regardless of when due.	(13,232)
Net position of Governmental Activities	<u>\$ 2,727,464</u>

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 3,339,193			\$ 93,848	\$ 3,433,041
Tuition	102,810				102,810
Interest earned on investments	5,302		\$ 10		5,312
Interest earned on capital reserve funds	300				300
Miscellaneous	18,914				18,914
	3,466,519		10	93,848	3,560,377
State sources	3,423,792	\$ 49,780		67,786	3,541,358
Federal sources	7,243	231,056			238,299
Total revenues	6,897,554	280,836	10	161,634	7,340,034
EXPENDITURES:					
Instruction:					
Regular instruction	1,836,833				1,836,833
Special education instruction	110,217	161,551			271,768
Other special instruction	403,431				403,431
Other instruction	21,284				21,284
Support:					
Tuition	91,434				91,434
Student & instruction related services	770,652	120,193			890,845
School administrative services	140,926				140,926
Other administrative services	143,979				143,979
Plant operations and maintenance	419,037				419,037
Pupil transportation	466,731				466,731
Unallocated benefits	1,900,595				1,900,595
Debt service:					
Principal				130,000	130,000
Interest				31,632	31,632
Capital outlay	43,120				43,120
Total expenditures	6,348,239	281,744		161,632	6,791,615
Excess (deficiency) of revenues over expenditures	549,315	(908)	10	2	548,419
Other financing sources (uses):					
Capital leases (non-budgeted)	27,679				27,679
Prior year receivables canceled	(8,229)				(8,229)
Transfers in	10				10
Transfers out			(10)		(10)
Total other financing sources (uses)	19,460		(10)		19,450
Net change in fund balances	568,775	(908)		2	567,869
Fund balance - July 1	1,329,559	(4,161)	3,380		1,328,778
Fund balance - June 30	\$ 1,898,334	\$ (5,069)	\$ 3,380	\$ 2	\$ 1,896,647

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2019

Total net change in fund balances - Governmental Funds (from B-2)	\$ 567,869
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	\$ (207,766)
Capital outlays	79,502
	(128,264)
Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position and is not reported in the Statement of Activities.	
Bond principal	130,000
Capital lease obligation proceeds	(27,679)
Capital lease obligation principal	54,212
In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. The accrued interest is a reduction in the reconciliation.	
	2,532
Bond issuance costs are reported in the Governmental Funds as expenditures in the year the bonds are issued. However, on the Statement of Activities, the costs are amortized over the life of the bonds.	
	(1,657)
Pension contributions are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the contributions are adjusted for actuarial valuation adjustments.	
	(45,266)
In the Statement of Activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.	
	29,124
Change in net position of Governmental Activities	\$ 580,871

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-type Activities Enterprise Funds		Governmental Activities
	Food Service	Childcare	Internal Service Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 133,115	\$ 221,122	\$ 1,098
Accounts receivable:			
State	329		
Federal	12,577		
Other			705
Interfund accounts receivable	13,352		
Inventory	3,711		
Total current assets	<u>163,084</u>	<u>221,122</u>	<u>1,803</u>
Noncurrent assets:			
Furniture, machinery & equipment	52,782		
Less accumulated depreciation	(44,846)		
Total noncurrent assets	<u>7,936</u>		
Total assets	<u>171,020</u>	<u>221,122</u>	<u>1,803</u>
LIABILITIES			
Current liabilities:			
Deferred revenue	1,713		
Deposits payable	6,966		
Accounts payable		424	778
Interfund payable		4,416	
Total current liabilities	<u>8,679</u>	<u>4,840</u>	<u>778</u>
NET POSITION			
Invested in capital assets net of related debt	7,936		
Unrestricted	154,405	216,282	1,025
Total net position	<u>\$ 162,341</u>	<u>\$ 216,282</u>	<u>\$ 1,025</u>

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Business-type Activities Enterprise Funds		Governmental Activities
	Food Service	Childcare	Internal Service Fund
	<u>Food Service</u>	<u>Childcare</u>	<u>Service Fund</u>
Operating revenues:			
Charges for services			
Daily sales - reimbursable programs	\$ 26,673		
Daily sales - non-reimbursable programs	21,937		
Tuition		\$ 55,763	
Special functions	763		
Services provided to other governmental entities			\$ 40,773
Total operating revenues	<u>49,373</u>	<u>55,763</u>	<u>40,773</u>
Operating expenses:			
Salaries	45,129	25,077	40,540
Employee benefits	8,277		233
Other purchased services	17,562		
Supplies and materials	3,614	1,144	
Cost of sales - reimbursable	31,874		
Cost of sales - non-reimbursable	8,648		
Miscellaneous	487		
Depreciation	956		
Total operating expenses	<u>116,547</u>	<u>26,221</u>	<u>40,773</u>
Operating income (loss)	<u>(67,174)</u>	<u>29,542</u>	
Non-operating revenues (expenses):			
Interest earned	355		
Prior year accounts payable canceled		623	
State sources:			
State school lunch program	1,263		
Federal sources:			
School breakfast program	10,777		
National school lunch program	51,922		
School milk program	427		
Food distribution program	11,004		
Total non-operating revenues (expenses)	<u>75,748</u>	<u>623</u>	
Change in net position	8,574	30,165	
Total net position - beginning	153,767	186,117	1,025
Total net position - ending	<u>\$ 162,341</u>	<u>\$ 216,282</u>	<u>\$ 1,025</u>

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Business-type Activities Enterprise Funds		Governmental Activities
	Food Service	Childcare	Internal Service Fund
	<u>Food Service</u>	<u>Childcare</u>	<u>Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 58,338	\$ 55,763	\$ 40,068
Payments to employees	(42,349)	(26,817)	(39,995)
Payments for employee benefits	(7,752)		
Payments to suppliers	(60,772)	(720)	
Net cash provided by (used for) operating activities	<u>(52,535)</u>	<u>28,226</u>	<u>73</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Due from general fund	8,721		
Federal and state reimbursements	63,987		
Net cash provided by (used for) non-capital financing activities	<u>72,708</u>		
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest earned	355		
Net cash provided by investing activities	<u>355</u>		
Net increase (decrease) in cash and cash equivalents	20,528	28,226	73
Balances - beginning of year	112,587	192,896	1,025
Balances - end of year	<u>\$ 133,115</u>	<u>\$ 221,122</u>	<u>\$ 1,098</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (67,174)	\$ 29,542	
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	956		
Food distribution program	11,004		
(Increase) decrease in other receivables	(397)		\$ 14,296
(Increase) decrease in inventory	1,143		
Increase (decrease) in deferred revenue	(2,465)		
Increase (decrease) in deposits payable	(2)		
Increase (decrease) in accounts payable	4,400	424	777
Increase (decrease) in interfund payable		(1,740)	(15,000)
Net cash provided by (used for) operating activities	<u>\$ (52,535)</u>	<u>\$ 28,226</u>	<u>\$ 73</u>

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Unemployment Compensation Trust	Scholarship Fund	Agency Fund
ASSETS			
Cash and cash equivalents	\$ 7,914	\$ 1,194	\$ 16,309
Accounts receivable	1,048		
Total assets	\$ 8,962	\$ 1,194	\$ 16,309
LIABILITIES			
Payroll deductions and withholdings			\$ 656
Due to student groups			15,653
Total liabilities			\$ 16,309
NET POSITION			
Held in trust for unemployment claims	\$ 8,962		
Nonexpendable trust		\$ 1,194	

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2019

	Unemployment Compensation Trust	Scholarship Fund
ADDITIONS:		
Contributions:		
Plan member	\$ 7,025	
Board contribution	20,000	
Total contributions	27,025	
Investment earnings:		
Interest	29	\$ 4
Total additions	27,054	4
DEDUCTIONS:		
Unemployment claims	32,475	
Total deductions	32,475	
Change in net position	(5,421)	4
Net position - beginning of year	14,383	1,190
Net position - end of year	\$ 8,962	\$ 1,194

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

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

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

A. Reporting Entity

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

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

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

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

B. Basic Financial Statements – District-Wide Statements

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

C. Fund Financial Statements

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

The District reports the following governmental funds:

GOVERNMENTAL FUNDS

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

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

PROPRIETARY FUNDS

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

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

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

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FIDUCIARY FUNDS

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

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

The District reports the following Fiduciary Funds:

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

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

D. Basis of Accounting

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

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

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

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

E. Budgets/Budgetary Control

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

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

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

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

F. Encumbrance Accounting

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Encumbrance Accounting (Continued)

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

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

G. Cash and Cash Equivalents

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

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

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

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

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

H. Tuition Receivable

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

I. Inventories

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Interfund Receivables/Payables

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

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

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

K. Capital Assets

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

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

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

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

L. Accrued Salaries and Wages

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Compensated Absences

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

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

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

N. Deferred Revenue

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

O. Accrued Liabilities and Long-Term Obligations

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

P. Net Position

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

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

Q. Fund Balance

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Fund Balance (Continued)

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

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

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

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

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

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

R. Revenues

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Revenues (Continued)

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

S. Expenditures

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

T. Allocation of Indirect Expenses

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

U. Extraordinary and Special Items

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

V. Use of Estimates

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

W. Recent Accounting Pronouncements Not Yet Effective

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

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

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, “Accounting for Interest Costs Incurred Before the End of a Construction Period.” This Statement is effective for fiscal periods beginning after December 15, 2019. Management has not yet determined the impact of this Statement on the financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Recent Accounting Pronouncements Not Yet Effective (Continued)

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90, "Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61." This Statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the District's financial reporting.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations." This Statement, which is effective for fiscal periods beginning after December 15, 2020, will not have any effect on the District's financial reporting.

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits

Custodial Credit Risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the New Jersey Governmental Unit Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes NJSA 18A:20-37 that are treated as cash equivalents. The carrying amount of the District's cash and cash equivalents at June 30, 2019 and 2018, was \$1,992,284 and \$1,423,505. As of June 30, 2019 and 2018, \$0 of the District's bank balance of \$2,328,755 and \$1,822,823, respectively, was exposed to Custodial Credit Risk.

NOTE 3: INVESTMENTS

As of June 30, 2019 and 2018, the District did not have any investments.

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

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

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

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 4: RECEIVABLES

Receivables at June 30, 2019, (see Exhibit B-1 and B-4) consisted of intergovernmental and property taxes receivable. All receivables are considered collectible in full. A summary of the principal items of the intergovernmental receivables are as follows:

	Governmental Activities	Business-type Activities
State aid	\$ 81,642	\$ 329
Other	218,875	
Federal aid	59,060	12,577
	<u>\$ 359,577</u>	<u>\$ 12,906</u>

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

The following Interfund balances remain on the balance sheet at June 30, 2019:

	Interfund	
	Receivable	Payable
General Fund	\$ 162,020	\$ 13,835
Special Revenue Fund		157,101
Capital Projects Fund		20
Food Service Fund	13,352	
Childcare Fund		4,416
Total	<u>\$ 175,372</u>	<u>\$ 175,372</u>

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

NOTE 6: INVENTORY

Inventory in the Food Service Fund at June 30, 2019, consisted of the following:

Food	\$ 1,284
Commodities	1,713
Supplies	714
	<u>\$ 3,711</u>

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2019</u>
Governmental activities:			
Capital assets not being depreciated:			
Sites (land)	\$ 45,404		\$ 45,404
Total capital assets not being depreciated	<u>45,404</u>		<u>45,404</u>
Assets that are being depreciated:			
Site improvements	510,957		510,957
Building & building improvements	5,798,497	\$ 39,990	5,838,487
Construction in progress	265,935		265,935
Vehicles	387,980		387,980
Machinery & equipment	567,998	39,512	607,510
Totals at historical cost	<u>7,531,367</u>	<u>79,502</u>	<u>7,610,869</u>
Less: accumulated depreciation			
Site improvements	196,038	24,481	220,519
Building & building improvements	3,328,562	172,037	3,500,599
Vehicles	352,973	2,708	355,681
Machinery & equipment	532,578	8,540	541,118
Total accumulated depreciation	<u>4,410,151</u>	<u>207,766</u>	<u>4,617,917</u>
Governmental activities capital assets, net	<u>\$ 3,166,620</u>	<u>\$ (128,264)</u>	<u>\$ 3,038,356</u>
Business-type activities:			
Machinery & equipment	\$ 52,782		\$ 52,782
Less: accumulated depreciation	43,890	\$ 956	44,846
Business-type capital assets, net	<u>\$ 8,892</u>	<u>\$ (956)</u>	<u>\$ 7,936</u>

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

NOTE 8: GENERAL LONG-TERM DEBT

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

Permanently funded debt as of June 30, 2019, consisted of the following:

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8: GENERAL LONG-TERM DEBT (CONTINUED)

A. Bonds Payable

The Board sold General Obligation Bonds on June 26, 2008, with an issue date of July 15, 2008, in the amount of \$1,750,000. The bonds have an interest rate ranging from 4.25% to 4.375% and mature from 2018 to 2023. The remaining balance at June 30, 2019, was \$675,000.

B. Long-Term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2019, are as follows:

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019	Due in One year
Compensated absences					
Governmental	\$ 164,297	\$ 18,722	\$ 47,844	\$ 135,175	
Bonds payable	805,000		130,000	675,000	\$ 130,000
Capital leases	98,810	27,679	54,212	72,277	40,206
	<u>\$ 1,068,107</u>	<u>\$ 46,401</u>	<u>\$ 232,056</u>	<u>\$ 882,452</u>	<u>\$ 170,206</u>

C. Bonds Payable

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

Year Ended June 30,	Principal	Interest	Total
2020	\$ 130,000	\$ 26,106	\$ 156,106
2021	130,000	20,581	150,581
2022	130,000	15,056	145,056
2023	140,000	9,319	149,319
2024	145,000	3,172	148,172
	<u>\$ 675,000</u>	<u>\$ 74,234</u>	<u>\$ 749,234</u>

D. Bonds Authorized but Not Issued

As of June 30, 2019, the Board had no bonds authorized but not issued.

E. Other

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

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

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 8: GENERAL LONG-TERM DEBT (CONTINUED)

E. Other (Continued)

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

For the year ended June 30, 2019, it is not necessary for the Board to establish a liability for arbitrage rebate.

F. Capital Lease Payable

The District has entered into lease purchase agreements for the acquisition of computers. The lease agreements range from three to five years and carry interest rates ranging from 3.66% to 5.86%. The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of June 30, 2019.

Year Ended June 30,	Principal	Interest	Total
2020	\$ 40,206	\$ 2,080	\$ 42,286
2021	18,816	732	19,548
2022	7,295	75	7,370
2023	5,960		5,960
	<u>\$ 72,277</u>	<u>\$ 2,887</u>	<u>\$ 75,164</u>

NOTE 9: PENSION PLANS

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

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of NJSA 18A:66 to provide retirement benefits, death, disability, and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing, multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners and employees of the Department of Education who have titles that are unclassified, professional, and certified.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9: PENSION PLANS (CONTINUED)

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

Funding Policy - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The TPAF and PERS provide for 7.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in the PERS. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The District's contributions to the PERS for the years ending June 30, 2019, 2018, and 2017, were \$56,573, \$51,992, and \$57,057, respectively, equal to the required contributions for each year.

The School District's share of the TPAF for normal contributions, post-retirement medical benefits and life insurance premiums for the years ending June 30, 2019, 2018, and 2017, was \$634,823, \$519,499, and \$431,742, respectively, paid by the State of New Jersey on behalf of the Board, equal to the required contributions for each year.

Also, in accordance with NJSA 18A:66-66, the State of New Jersey reimbursed the District for the years ending June 30, 2019, 2018, and 2017; \$169,561, \$162,678, and \$172,346, for the employer's share of social security contributions for the TPAF members, as calculated on their base salaries. This amount has been included in the financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASBS No. 27.

The District's total payroll for the years ended June 30, 2019, 2018, and 2017, was \$2,939,333, \$2,808,994, and \$2,936,902, respectively. Covered payroll was \$380,417, \$377,183, and \$358,454 for the PERS and \$2,364,451, \$2,312,718, and \$2,265,212 for the TPAF, for the same years.

For the year ended June 30, 2019, the District recognized pension expenses of \$101,173. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to the PERS from the following sources:

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9: PENSION FUNDS (CONTINUED)

Funding Policy (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ 3,274
Changes of assumptions		277,994
Net difference between projected and actual earnings on pension plan investments		14,855
Changes in proportion and differences between District contributions and proportionate share of contributions	\$ 27,382	
Employer contributions subsequent to the measurement date	55,907	
	\$ 83,289	\$ 296,123

\$55,907 reported as deferred outflows of resources related to pensions, resulting from School District contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2019, the plan measurement date is June 30, 2018) will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2020	\$ (10,908)
2021	(13,536)
2022	(105,811)
2023	(111,712)
2024	(26,774)
	\$ (268,741)

Additional information – Collective balances at June 30, 2018 and 2017, are as follows:

	June 30, 2018	June 30, 2017
Collective deferred outflows of resources	\$ 4,684,852,302	\$ 6,424,455,842
Collective deferred inflows of resources	7,646,736,226	5,700,625,981
Collective net pension liability	19,689,501,539	23,278,401,588
District's proportion	0.5620620000%	0.5572687700%

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9: PENSION FUNDS (CONTINUED)

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

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contributes amounts for each pay period to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District's contributions for the years ending June 30, 2019, 2018, and 2017, were \$595, \$367, and \$333 for covered employees.

NOTE 10: POSTEMPLOYMENT BENEFITS

The State provides Post-retirement Medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2018, the State paid PRM benefits for 148,401 State and local retirees.

The State funds Post-retirement Medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2018, the State contributed \$1.909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The increase in the State's pay-as-you-go contribution between Fiscal Year 2017 and Fiscal Year 2018 is attributed to rising health care costs, an increase in the number of participants qualifying for State-paid PRM benefits at retirement and larger fund balance utilization in Fiscal Year 2017 than in Fiscal Year 2018. The Fiscal Year 2019 Appropriations Act includes \$1.921 billion as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the Fiscal Year 2017 total State OPEB liability to provide these benefits has been re-measured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year's \$36.5 billion liability booked in accordance with GASB Statement No. 45. For Fiscal Year 2018, the total OPEB liability for the State is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the re-measured total OPEB liability in Fiscal Year 2017.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 10: POSTEMPLOYMENT BENEFITS (CONTINUED)

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Total Non-Employer OPEB Liability

The State of New Jersey, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The School District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the Board of Education/Board of Trustees. The State's proportionate share of the net OPEB liability associated with the School District as of June 30, 2019, was \$11,603,756. Since the OPEB liability associated with the School District is 100% attributable to the State, the OPEB liability will be referred to as the total non-employer OPEB liability. Note that actual numbers will be published in the NJ State's CAFR at: <https://www.state.nj.us/treasury/pensions/gasb-notices.shtml>.

Actuarial assumptions and other imputes. The total OPEB liability in the June 30, 2018, actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50%
Salary increases	Differs by pension group (e.g. - PERS, TPAF). See Actuarial Assumptions in the Notes to Required Supplementary Information - Note 4
Discount rate	3.87%

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond index.

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 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-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 10: POSTEMPLOYMENT BENEFITS (CONTINUED)

Total Non-Employer OPEB Liability (Continued)

The actuarial assumptions used in the June 30, 2017, valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2011 - June 30, 2014, and July 1, 2010 - June 30, 2013 for the TPAF, PERS, and PFRS, respectively.

The below table summarizes the changes in the Total OPEB Liability reported by the State of New Jersey:

	Total OPEB Liability
Balance at June 30, 2017	\$ 53,639,841,858
Changes for the year:	
Service cost	1,984,642,729
Interest	1,970,236,232
Changes of benefit terms	
Differences between expected and actual experience	(5,002,065,740)
Changes in assumptions or other inputs	(5,291,448,855)
Contributions - Member	42,614,005
Benefit payments	(1,232,987,247)
Net changes	(7,529,008,876)
Balance at June 30, 2018	\$ 46,110,832,982

There were no changes in benefit terms from 2017 to 2018.

Changes in assumptions and other inputs reflect a change in the discount rate from 2.85% in 2016 to 3.58% in 2017 to 3.87% in 2018.

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate -

The State's proportionate share of the total non-employer OPEB liability as of June 30, 2018, associated with the School District using a discount rate of 3.87%, as well as using a discount rate that is 1-percent-point lower or 1-percent-point higher than the current discount rate.

	1% Decrease 2.87%	Discount Rate 3.87%	1% Increase 4.87%
Total OPEB Liability (School Retirees)	\$ 15,536,090	\$ 13,141,551	\$ 11,238,294

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 10: POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total Non-Employer OPEB Liability to Changes in Healthcare Cost

Trend Rates - The State's proportionate share of the total non-employer OPEB liability as of June 30, 2018, associated with the School District, using a healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ 13,018,953	\$ 13,141,551	\$ 18,147,261

Additional information – Collective balances at June 30, 2018 and 2017, are as follows:

	June 30, 2018	June 30, 2017
Collective deferred outflows of resources	\$ 1,377,313,892	\$ 99,843,255
Collective deferred inflows of resources	16,189,378,926	6,443,612,287
Collective OPEB Expense	2,129,660,368	3,348,490,523
District's proportion	0.03%	0.03%

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

For the fiscal year ended June 30, 2019, the Board of Education recognized \$495,551 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB expense associated with the School District. This expense and revenue was based on the OPEB Plan's June 30, 2018, measurement date.

In accordance with GASBS No. 75, the School District's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ (4,476,086,167)
Changes of assumptions or other inputs		(10,335,978,867)
Total	None	\$ (14,812,065,034)

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 10: POSTEMPLOYMENT BENEFITS (CONTINUED)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2019	\$ (1,825,218,593)
2020	(1,825,218,593)
2021	(1,825,218,593)
2022	(1,825,218,593)
2023	(1,825,218,593)
Thereafter	(5,685,972,069)
	<u>\$ (14,812,065,034)</u>

NOTE 11: DEFERRED COMPENSATION

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

NOTE 12: COMPENSATED ABSENCES

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

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

For the District-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components - the amount due within one year and the amount due in more than one year. The liability for compensated absences in the Governmental Fund at June 30, 2019, is \$135,175.

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 13: RISK MANAGEMENT

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

Property and Liability Insurance

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

New Jersey Unemployment Compensation Insurance

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

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2018-2019	\$ 20,000	\$ 7,025	\$ 32,475	\$ 8,962
2017-2018		7,113	2,180	14,383
2016-2017		6,438	3,947	9,418

NOTE 14: CAPITAL RESERVE ACCOUNT

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

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

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 14: CAPITAL RESERVE ACCOUNT (CONTINUED)

The activity of the capital reserve for the July 1, 2018 to June 30, 2019, fiscal year is as follows:

Beginning balance, July 1, 2018	\$ 475,168
Interest earnings	300
Deposit	<u>49,352</u>
Ending balance, June 30, 2019	<u><u>\$ 524,820</u></u>

The June 30, 2019, LRFPP balance of local support costs of uncompleted capital projects is \$524,820.

NOTE 15: ECONOMIC DEPENDENCY

The District is heavily reliant on state aid and local tax levy to fund the District operations. State sources funded approximately 48% and taxes fund 47% of the District's 2018-2019 governmental operations, excluding capital projects.

NOTE 16: OPERATING LEASES

The District has commitments to lease copy machines under non-cancelable operating leases spanning 48 months. Total lease payments made during the year ended June 30, 2019, amounted to \$7,251. Future minimum lease payments are as follows:

Year Ended	Amount
<u>June 30,</u>	
2020	\$ 7,251
2021	7,251
2022	<u>7,251</u>
	<u><u>\$ 21,753</u></u>

NOTE 17: FUND BALANCE APPROPRIATED

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

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17: FUND BALANCE APPROPRIATED (CONTINUED)

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

Non-Spendable Fund Balance - The District had no non-spendable fund balance at June 30, 2019.

Capital Reserve Account - Of the \$524,820 balance in the capital reserve account at June 30, 2019, \$0 has been designated for utilization in the 2019-2020 budget. These funds are restricted for future capital outlay expenditures for projects in the School District's long range facilities plan.

Maintenance Reserve Account - The District had no maintenance reserve account at June 30, 2019.

Excess Surplus - At June 30, 2019, there was excess surplus in the amount of \$1,098,024 (\$490,711 of the total restricted amount has been appropriated and included as anticipated revenue for the year ending June 30, 2020).

Debt Service Fund - At June 30, 2019, there was \$2 fund balance.

Capital Projects Fund - At June 30, 2019, there was \$3,380 fund balance.

Committed Fund Balance - The District had no committed fund balance at June 30, 2019.

Assigned Fund Balance - At June 30, 2019, the District has assigned \$52,119 of General Fund balance to expenditures in the 2019-2020 budget; \$204,753 was assigned for other purposes as of the year-end. This represents encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by District officials.

Unassigned Fund Balance - At June 30, 2019, the District has \$18,618 of unassigned fund balance in the General Fund.

Special Revenue Fund - As of June 30, 2019, the fund balance was a deficit of \$5,069, thus resulting in the fund balance classification of unassigned.

NOTE 18: CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey School Districts are required to reserve General Fund, fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2019, is \$1,098,024.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 19: DEFICIT IN FUND BALANCE

The District has a deficit fund balance of \$5,069 in the Special Revenue Fund, as of June 30, 2019, as reported in the fund statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The law provides legal authority for districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes the asset, the other government recognizes the liability. Since the state is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the Special Revenue Fund balance deficit does not alone indicate that the District is facing financial difficulties.

NOTE 20: LABOR CONTRACTS

As of June 30, 2019, the District's certified staff and educational support professionals are organized in the Elk Township Education Association collective bargaining unit, which will expire on June 30, 2021.

NOTE 21: COMMITMENTS AND CONTINGENCIES

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

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

NOTE 22: TAX ABATEMENTS

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 22: TAX ABATEMENTS (CONTINUED)

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

The Township of Elk did not have any tax abatements for the year end December 31, 2018.

NOTE 23: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2019 and November 25, 2019, the date that the financial statements were issued for possible disclosure and recognition in the financial statements and no items have come to the attention of the District that would require disclosure.

NOTE 24: CHANGE IN ACCOUNTING PRINCIPLE

During the prior year beginning July 1, 2017, the District adopted the Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" whose primary objective is to improve accounting and financial reporting for postemployment benefits other than pensions (OPEB). These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expense/expenditures for OPEB.

The State is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraph 193 and 203 through 205 of GASB Statement No. 75 is zero.

The effect of the State being the only entity that has a legal obligation to make employer contributions to OPEB is to eliminate the OPEB liability and deferred inflows related to OPEB by increasing the fiscal year ended June 30, 2018, net position by \$17,240,127 which is the prior period net OPEB liability and deferred inflows related to OPEB. Financial statements for the fiscal year ended June 30, 2018, have not been restated and the cumulative effect of the change totaling \$17,240,127 is shown as a one-time credit to net position in the fiscal year ended June 30, 2019, statement of activities.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

ELK TOWNSHIP BOARD OF EDUCATION
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 3,339,193		\$ 3,339,193	\$ 3,339,193	
Tuition	30,000		30,000	102,810	\$ 72,810
Interest on investments	4,000		4,000	5,302	1,302
Interest earned on capital reserve funds				300	300
Miscellaneous	5,000		5,000	18,914	13,914
Total - local sources	3,378,193		3,378,193	3,466,519	88,326
State Sources:					
Categorical transportation aid	157,280		157,280	148,655	(8,625)
Extraordinary aid	60,000		60,000	70,197	10,197
Categorical special education aid	195,091		195,091	195,091	
Equalization aid	2,013,576		2,013,576	2,013,576	
School choice aid	127,526		127,526	127,526	
Categorical security aid	66,201		66,201	66,201	
Reimbursed non-public school transportation costs				3,190	3,190
TPAF - post retirement medical (on-behalf non-budgeted)				198,011	198,011
Teachers' pension & annuity fund (on-behalf non-budgeted)				436,533	436,533
TPAF - long-term disability (on-behalf non-budgeted)				279	279
Reimbursed TPAF social security contributions (non-budgeted)				169,561	169,561
Total - state sources	2,619,674		2,619,674	3,428,820	809,146
Federal sources:					
Medical assistance program	3,252		3,252	5,209	1,957
Medical Administrative Claiming				2,034	2,034
Total - federal sources	3,252		3,252	7,243	3,991
Total revenues	\$ 6,001,119		\$ 6,001,119	\$ 6,902,582	\$ 901,463

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current expense:					
Regular programs - instruction					
Preschool - salaries of teachers	\$ 114,494	\$ (955)	\$ 113,539	\$ 107,395	\$ 6,144
Kindergarten - salaries of teachers	254,015	11,994	266,009	266,009	
Grades 1-5 - salaries of teachers	942,595	(19,639)	922,956	912,253	10,703
Grades 6-8 - salaries of teachers	254,579		254,579	251,383	3,196
Regular programs - home instruction					
Salaries of teachers	1,000		1,000		1,000
Purchased professional - educational services	1,000	5,000	6,000	2,295	3,705
Regular programs - undistributed instruction					
Purchased professional - educational services	196,762		196,762	167,279	29,483
Rentals	62,403		62,403	52,144	10,259
Other purchased services	43,832		43,832	42,090	1,742
General supplies	49,800	3,600	53,400	35,985	17,415
Total regular programs - instruction	<u>1,920,480</u>		<u>1,920,480</u>	<u>1,836,833</u>	<u>83,647</u>
Special education instruction:					
Multiple disabilities					
Salaries of teachers	108,231	(79,790)	28,441	7,261	21,180
Purchased professional - educational services	29,963		29,963	8,863	21,100
Total multiple disabilities	<u>138,194</u>	<u>(79,790)</u>	<u>58,404</u>	<u>16,124</u>	<u>42,280</u>
Resource room/resource center					
Salaries of teachers	68,901	14,075	82,976	82,976	
Purchased professional - educational services	14,045	(5,880)	8,165	7,119	1,046
General supplies	575		575	180	395
Total resource room/resource center	<u>83,521</u>	<u>8,195</u>	<u>91,716</u>	<u>90,275</u>	<u>1,441</u>
Preschool disabilities - part time					
Salaries of teachers	35,314		35,314	3,818	31,496
Rentals	1,000		1,000		1,000
Total preschool disabilities - part time	<u>36,314</u>		<u>36,314</u>	<u>3,818</u>	<u>32,496</u>
Home instruction					
Purchased professional - educational services	1,000		1,000		1,000
Total home instruction	<u>1,000</u>		<u>1,000</u>		<u>1,000</u>
Total special education - instruction	<u>259,029</u>	<u>(71,595)</u>	<u>187,434</u>	<u>110,217</u>	<u>77,217</u>
Basic skills/remedial - instruction					
Salaries of teachers	431,721		431,721	402,526	29,195
Rentals	1,000	(575)	425		425
General supplies	364	575	939	905	34
Total basic skills/remedial - instruction	<u>433,085</u>		<u>433,085</u>	<u>403,431</u>	<u>29,654</u>
School-spon. curricular activities - instruction					
Salaries	9,000		9,000	5,000	4,000
General supplies	1,000		1,000		1,000
Total school-spon. curricular activities - instruction	<u>10,000</u>		<u>10,000</u>	<u>5,000</u>	<u>5,000</u>

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Before/after school programs - instruction					
Salaries of teachers	4,000		4,000		4,000
	<u>4,000</u>		<u>4,000</u>		<u>4,000</u>
Summer school - instruction:					
Salaries of teachers	20,000		20,000	15,390	4,610
Other salaries for instruction	4,800		4,800	420	4,380
General supplies	2,000		2,000	474	1,526
	<u>26,800</u>		<u>26,800</u>	<u>16,284</u>	<u>10,516</u>
Total summer school - instruction					
	<u>26,800</u>		<u>26,800</u>	<u>16,284</u>	<u>10,516</u>
Total instructions	<u>2,653,394</u>	<u>(71,595)</u>	<u>2,581,799</u>	<u>2,371,765</u>	<u>210,034</u>
Undistributed expenditures - instruction					
Tuition to other LEA's within the state - regular	12,000		12,000	7,222	4,778
Tuition to CSSD & regional day schools	130,110		130,110	76,543	53,567
Tuition to private schools for the disabled - within state	114,612	(40,000)	74,612	7,669	66,943
	<u>256,722</u>	<u>(40,000)</u>	<u>216,722</u>	<u>91,434</u>	<u>125,288</u>
Total undistributed expenditures - instruction					
	<u>256,722</u>	<u>(40,000)</u>	<u>216,722</u>	<u>91,434</u>	<u>125,288</u>
Undistributed expenditures - attendance and social work					
Salaries	12,699	(12,699)			
Salaries - Secretarial/Clerical		12,699	12,699	12,668	31
Purchased professional - technical services	1,679		1,679	1,629	50
Rentals	1,500		1,500		1,500
	<u>15,878</u>		<u>15,878</u>	<u>14,297</u>	<u>1,581</u>
Total undistributed expenditures - attendance and social work					
	<u>15,878</u>		<u>15,878</u>	<u>14,297</u>	<u>1,581</u>
Undistributed expenditures - health services					
Salaries	66,403	9,777	76,180	76,180	
Purchased professional - technical services	4,400		4,400	4,284	116
Rentals	120		120		120
Other purchased services	1,000		1,000	126	874
Supplies and materials	3,740		3,740	834	2,906
	<u>75,663</u>	<u>9,777</u>	<u>85,440</u>	<u>81,424</u>	<u>4,016</u>
Total undistributed expenditures - health services					
	<u>75,663</u>	<u>9,777</u>	<u>85,440</u>	<u>81,424</u>	<u>4,016</u>
Undist. expend. - speech, OT, PT & related services:					
Purchased professional - educational services	55,000	25,880	80,880	68,726	12,154
Supplies and materials	2,000		2,000		2,000
Other transportation	1,000		1,000	235	765
	<u>58,000</u>	<u>25,880</u>	<u>83,880</u>	<u>68,961</u>	<u>14,919</u>
Total undist. expend. - speech, OT, PT & related serv.					
	<u>58,000</u>	<u>25,880</u>	<u>83,880</u>	<u>68,961</u>	<u>14,919</u>
Undist. expend. - other supp. serv. students - extra. serv.					
Purchased professional - educational services	160,000	37,564	197,564	197,564	
Supplies and materials	6,000		6,000	804	5,196
Other objects	1,000		1,000		1,000
	<u>167,000</u>	<u>37,564</u>	<u>204,564</u>	<u>198,368</u>	<u>6,196</u>
Total undist. expend. - other supp. serv. students - extra serv.					
	<u>167,000</u>	<u>37,564</u>	<u>204,564</u>	<u>198,368</u>	<u>6,196</u>
Undist. expend. - guidance					
Salaries of other professional staff					
Purchased professional - technical services	1,482		1,482	1,400	82
Supplies and materials	1,000		1,000		1,000
	<u>2,482</u>		<u>2,482</u>	<u>1,400</u>	<u>1,082</u>
Total undist. expend. - guidance					
	<u>2,482</u>		<u>2,482</u>	<u>1,400</u>	<u>1,082</u>

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. expend. - child study teams					
Salaries of other professional staff	126,310	(2,691)	123,619	121,771	1,848
Salaries of secretarial and clerical assistants	52,508		52,508	50,271	2,237
Purchased professional - educational services	20,000	(480)	19,520	19,134	386
Purchased professional - technical services	12,500		12,500	12,500	
Miscellaneous purchased services	2,354	4,523	6,877	5,579	1,298
Supplies and materials	3,153	(1,352)	1,801	1,464	337
Total undist. expend. - child study teams	216,825		216,825	210,719	6,106
Undist. expend. - improv. of inst. services					
Salaries of supervisors of instruction	34,390	(1,672)	32,718	32,718	
Salaries of other professional staff	3,000	1,861	4,861	4,861	
Salaries of secretarial and clerical assistants	24,506	(46)	24,460	24,206	254
Purchased professional - educational services	12,500		12,500	12,500	
Rentals	225		225		225
Total undist. expend. - improv. of inst. services	74,621	143	74,764	74,285	479
Undist. expend. - edu. media serv./sch. library					
Other purchased services		800	800	792	8
Supplies and material	3,000	(800)	2,200	1,918	282
Total undist. expend. - edu. media serv./sch. library	3,000		3,000	2,710	290
Undist. expend. - instructional staff training					
Other salaries	2,000		2,000	98	1,902
Other purchased services	2,719	(144)	2,575	1,200	1,375
Total undist. expend. - instructional staff training	4,719	(144)	4,575	1,298	3,277
Undist. expend. - supp. serv. - general administration					
Salaries		2,619	2,619	2,619	
Other salaries	10,503		10,503	4,914	5,589
Legal services	12,000	(2,619)	9,381	759	8,622
Audit fees	14,500		14,500	12,725	1,775
Architectural/engineering services	3,000	(1,700)	1,300		1,300
Other purchased professional services	45,000		45,000	45,000	
Purchased technical services	7,000	(247)	6,753	3,345	3,408
Rentals	225		225		225
Communications/telephone	9,700	(6,659)	3,041		3,041
BOE other purchased services	700	(58)	642	418	224
Other purchased services	12,211	1,947	14,158	13,273	885
General supplies	500	30	530	525	5
BOE in-house training/meeting supplies	200		200	72	128
Miscellaneous expenditures	1,000	28	1,028	819	209
BOE membership dues and fees	6,000		6,000	5,042	958
Total undist. expend. - supp. serv. - general administration	122,539	(6,659)	115,880	89,511	26,369

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. expend. - supp. serv. - school administration					
Salaries of principals/assistant principals	76,799	8,457	85,256	85,256	
Salaries of secretarial and clerical assistants	38,096	6,502	44,598	44,598	
Purchased professional - technical services	10,716	(3,500)	7,216	6,847	369
Rentals	3,745	(1,800)	1,945	1,942	3
Other purchased services		100	100	100	
Supplies and materials	5,613	(3,400)	2,213	1,939	274
Other objects		500	500	244	256
Total undist. expend. - supp. serv. - school administration	134,969	6,859	141,828	140,926	902
Undist. expend. - central services					
Salaries	41,429	(41,429)			
Salaries of secretarial and clerical assistants		41,429	41,429	41,329	100
Purchased professional services	46,900		46,900	46,500	400
Purchased technical services	14,896		14,896	6,763	8,133
Miscellaneous purchased services	11,223		11,223	6,143	5,080
Supplies and materials	2,000	(1,000)	1,000	59	941
Interest on lease purchase agreements	4,029	1,000	5,029	4,110	919
Total undist. expend. - central services	120,477		120,477	104,904	15,573
Undist. expend. - admin. info. tech.					
Purchased technical services	25,000		25,000	22,733	2,267
Other purchased services	21,750	(1,500)	20,250	11,774	8,476
Supplies and materials	6,000	1,500	7,500	4,568	2,932
Total undist. expend. - admin. info. tech.	52,750		52,750	39,075	13,675
Undist. expend. - required maintenance for school facilities					
Cleaning, repair, and maintenance services	67,642		67,642	53,410	14,232
General supplies	6,000		6,000	2,507	3,493
Total undist. expend. - required maintenance for school facilities	73,642		73,642	55,917	17,725
Undist. expend. - custodial services					
Salaries	171,438	(171,438)			
Other salaries		174,425	174,425	170,973	3,452
Purchased professional - technical services	10,000	26,677	36,677	36,425	252
Cleaning, repair, and maintenance services	84,725	34,367	119,092	40,300	78,792
Other purchased property	1,000		1,000		1,000
Insurance	19,000	5,454	24,454	24,454	
Miscellaneous purchased services	20,000	(15,454)	4,546		4,546
General supplies	31,540	(2,997)	28,543	19,201	9,342
Natural gas	35,000	(6,596)	28,404	19,840	8,564
Energy (electricity)	58,500		58,500	45,452	13,048
Other expenditures	3,500		3,500	3,455	45
Total undist. expend. - custodial services	434,703	44,438	479,141	360,100	119,041

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. expend. - care and upkeep of grounds					
Cleaning, repair and maintenance services	8,000		8,000	3,020	4,980
General supplies	3,000	(200)	2,800		2,800
Total undist. expend. - care and upkeep of grounds	11,000	(200)	10,800	3,020	7,780
Total undist. expend. - oper. & maint. of plant services	519,345	44,238	563,583	419,037	144,546
Undist. expend. - student transportation services					
Contract services - aid in lieu of payments	15,000	2,167	17,167	17,167	
Contract services (other than bet. home & school) vendors	2,000		2,000		2,000
Contract services (bet. home & sch) joint agrmnts	310,000	(10,000)	300,000	289,941	10,059
Contract services (spec. ed. students) joint agrmnts	193,000	(17,167)	175,833	159,623	16,210
Total undist. expend. - student transportation services:	520,000	(25,000)	495,000	466,731	28,269
Unallocated benefits - employee benefits					
Social security contributions	38,000		38,000	36,381	1,619
Other retirement contributions - PERS	51,000	5,573	56,573	56,573	
Unemployment compensation	40,000	(5,573)	34,427	20,000	14,427
Workmen's compensation	25,000		25,000	16,728	8,272
Health benefits	1,086,918	(96,236)	990,682	957,447	33,235
Tuition reimbursement	10,000		10,000		10,000
Other employee benefits	10,000		10,000	9,082	918
Total unallocated benefits - employee benefits	1,260,918	(96,236)	1,164,682	1,096,211	68,471
On-behalf contributions:					
On-behalf TPAF pensions contributions (non-budgeted)				436,533	(436,533)
On-behalf TPAF long-term disability (non-budgeted)				279	(279)
On-behalf TPAF OPEB (post retire. medical) contrib. (non-budgeted)				198,011	(198,011)
Reimbursed TPAF social security contributions (non-budgeted)				169,561	(169,561)
Total on-behalf contributions				804,384	(804,384)
Total personal services - employee benefits	1,260,918	(96,236)	1,164,682	1,900,595	(735,913)
Total undistributed expenditures	3,605,908	(43,578)	3,562,330	3,905,675	(343,345)
Total general current expense	6,259,302	(115,173)	6,144,129	6,277,440	(133,311)
Equipment					
Regular Instruction					
Grades 1-5		97,236	97,236		97,236
Grades 6-8		15,829	15,829		15,829
Operations/maintenance plant Equipment		2,108	2,108		2,108
Total equipment		115,173	115,173		115,173
Facilities acquisition and construction					
Construction services	43,120		43,120	43,120	
Total facilities acquisition and construction	43,120		43,120	43,120	
Total capital outlay	43,120	115,173	158,293	43,120	115,173

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Assets acquired under capital lease:					
Assets acquired under capital lease (non-budgeted):					
Undistributed expenditures:					
Support services - student regular				27,679	(27,679)
Total assets acquired under capital lease				<u>27,679</u>	<u>(27,679)</u>
Total expenditures	<u>6,302,422</u>		<u>6,302,422</u>	6,348,239	(45,817)
Excess (deficiency) of revenues over (under) expenditures	<u>(301,303)</u>		<u>(301,303)</u>	554,343	947,280
Other financing sources (uses):					
Capital leases (non-budgeted)				27,679	27,679
Cancellation of prior year receivables				(8,229)	(8,229)
Transfer in from capital projects				10	10
Total other financing sources				<u>19,460</u>	<u>19,460</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	(301,303)		(301,303)	573,803	966,740
Fund balance, July 1	<u>1,569,300</u>		<u>1,569,300</u>	1,569,300	
Fund balance, June 30	<u>\$ 1,267,997</u>		<u>\$ 1,267,997</u>	<u>\$ 2,143,103</u>	<u>\$ 966,740</u>
Recapitulation:					
Restricted Fund Balance:					
Capital reserve				\$ 524,820	
Excess surplus - designated for subsequent year's expenditures				490,711	
Excess surplus - current year				607,313	
Assigned Fund Balance:					
Year-end encumbrances				204,753	
Designated for subsequent year's expenditures				52,119	
Unassigned Fund Balance				<u>263,387</u>	
				2,143,103	
Reconciliation to governmental fund statements (GAAP):					
Last state aid payment not recognized on GAAP Basis				(244,769)	
Fund balance per governmental funds (GAAP)				<u>\$ 1,898,334</u>	

ELK TOWNSHIP BOARD OF EDUCATION
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 265,230		\$ 265,230	\$ 231,304	\$ 33,926
State sources	51,845		51,845	50,688	1,157
Total revenues	<u>\$ 317,075</u>		<u>\$ 317,075</u>	<u>\$ 281,992</u>	<u>\$ 35,083</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ 64,628	\$ (13,940)	\$ 50,688	\$ 50,688	
Other salaries for instruction	2,918	(2,918)			
Other purchased services	105,732		105,732	105,732	
Supplies and materials		5,517	5,517	4,950	\$ 567
Other objects		292	292	181	111
Total instruction	<u>173,278</u>	<u>(11,049)</u>	<u>162,229</u>	<u>161,551</u>	<u>678</u>
Support services:					
Salaries of teachers	95,724	(54,034)	41,690	17,327	24,363
Personal services - employee benefits	1,527	1,663	3,190	1,275	1,915
Purchased professional - technical services	34,149	61,061	95,210	95,210	
Other purchased services	10,606	1,409	12,015	5,808	6,207
Supplies and materials	1,791	950	2,741	821	1,920
Total support services	<u>143,797</u>	<u>11,049</u>	<u>154,846</u>	<u>120,441</u>	<u>34,405</u>
Total expenditures	<u>\$ 317,075</u>		<u>\$ 317,075</u>	<u>\$ 281,992</u>	<u>\$ 35,083</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

ELK TOWNSHIP BOARD OF EDUCATION
 Required Supplementary Information
 Budget-to-GAAP Reconciliation
 Note to RSI
 For the Fiscal Year Ended June 30, 2019

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

	General Fund	Special Revenue Fund
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	\$ 6,902,582	\$ 281,992
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(248)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	239,741	4,161
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the following year.	(244,769)	(5,069)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental Funds.	\$ 6,897,554	\$ 280,836
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 6,348,239	\$ 281,992
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(248)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental Funds.	\$ 6,348,239	\$ 281,744

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

	Fiscal Year Ended				
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability (asset)	0.0056206200%	0.0055726878%	0.0064225481%	0.0040281167%	0.0043862970%
District's proportionate share of the net pension liability (asset)	\$ 1,106,672	\$ 1,297,233	\$ 1,902,175	\$ 904,231	\$ 821,235
District's covered-employee payroll	377,183	358,454	386,080	379,591	281,230
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	293.40%	361.90%	492.69%	238.21%	292.02%
Plan fiduciary net position as a percentage of the total pension liability	53.59%	48.10%	40.13%	47.93%	52.08%
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	Fiscal Year Ended				
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	\$ 55,907	\$ 51,625	\$ 57,057	\$ 34,631	\$ 36,160
Contributions in relation to the contractually required contribution	55,907	51,625	57,057	34,631	36,160
Contribution deficiency (excess)	None	None	None	None	None
District's covered-employee payroll	\$ 377,183	\$ 358,454	\$ 386,080	\$ 379,591	\$ 281,230
Contributions as a percentage of covered-employee payroll	14.82%	14.40%	14.78%	9.12%	12.86%
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	Fiscal Year Ended				
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability (asset)	0.0209095786%	0.0291454750%	0.0225641260%	0.0214053210%	0.0221860914%
District's proportionate share of the net pension liability (asset)	\$ 13,302,225	\$ 14,101,342	\$ 17,750,378	\$ 13,529,077	\$ 11,857,744
District's covered-employee payroll	2,364,451	2,265,212	2,166,663	2,114,426	2,222,062
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	562.59%	622.52%	819.25%	639.85%	533.64%
Plan fiduciary net position as a percentage of the total pension liability	26.49%	25.41%	22.33%	28.71%	33.64%
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

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

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

**SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS**

ELK TOWNSHIP SCHOOL DISTRICT
 Schedule of Changes in the Total OPEB Liability and Related Ratios

Last Two Fiscal Years

	Fiscal Year Ended	
	2019	2018
Total OPEB Liability		
Service cost	\$ 471,056	\$ 570,899
Interest	558,469	486,313
Changes of benefit terms		
Differences between expected and actual experience	(1,337,434)	
Changes of assumptions or other inputs	(1,508,059)	(2,081,311)
Member contributions	12,145	13,046
Benefit payments	(351,400)	(354,306)
Net change in total OPEB liability	(2,155,223)	(1,365,359)
Total OPEB liability - beginning	15,296,774	16,662,133
Total OPEB liability - ending	<u>\$ 13,141,551</u>	<u>\$ 15,296,774</u>
Covered employee payroll	\$ 2,741,634	\$ 2,771,784
Total OPEB liability as a percentage of covered employee payroll	479.33%	551.87%

Notes to Schedule:

Changes of benefit terms:

There were no changes in benefit terms during the year.

Changes of assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following is the discount rate used for the period:

Discount Rate	3.87%	3.58%
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NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART III

**ELK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

NOTES RELATED TO PENSIONS

NOTE 1: CONTRIBUTIONS

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

NOTE 2: ACTUARIAL ASSUMPTIONS

The collective total pension liability for the June 30, 2018, measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability for the June 30, 2016, measurement date was determined by an actuarial valuation as of July 1, 2015. This actuarial valuation used the following actuarial assumptions, applies to all periods in the measurement:

Inflation rate	2.25%
Salary increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For state employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013, using a generational approach based on the Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. 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, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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

**ELK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

NOTES RELATED TO OTHER POSTEMPLOYMENT BENEFITS

NOTE 3: CONTRIBUTIONS

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with NJSA 52:14-17.32f. According to NJSA 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 Teacher's Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). 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.

NOTE 4: ACTUARIAL ASSUMPTIONS

The total nonemployer OPEB liability as of June 30, 2018, was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total nonemployer OPEB liability as of June 30, 2017, 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:

Inflation rate	2.50%
Salary increases (TPAF):	
Through 2026	1.55 – 4.55% based on years of service
Thereafter	2.00 – 5.45% based on years of service
Salary increases (PERS):	
Through 2026	2.15 – 4.15% based on age
Thereafter	3.15 – 5.15% based on age

Pre-retirement healthy mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 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-2006 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, 2017, valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015 and July 1, 2011 - June 30, 2014, for the TPAF and PERS, respectively.

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report at: <http://www.state.nj.us/treasury/pensions/gasb-notice-opeb.shtml>.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

ELK TOWNSHIP BOARD OF EDUCATION
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2019

	Preschool Education Aid (Exhibit E-2)	IDEA Preschool	IDEA Basic	Title II Part A	Title I Part A	Rural Education	Total
REVENUES:							
Federal sources		\$ 2,918	\$ 105,732	\$ 22,670	\$ 99,174	\$ 810	\$ 231,304
State sources	\$ 50,688						50,688
Total revenues	<u>\$ 50,688</u>	<u>\$ 2,918</u>	<u>\$ 105,732</u>	<u>\$ 22,670</u>	<u>\$ 99,174</u>	<u>\$ 810</u>	<u>\$ 281,992</u>
EXPENDITURES:							
Instruction:							
Salaries of teachers	\$ 50,688						\$ 50,688
Other purchased services			\$ 105,732				105,732
General supplies					\$ 4,950		4,950
Other objects					181		181
Total instruction	<u>50,688</u>		<u>105,732</u>		<u>5,131</u>		<u>161,551</u>
Support services:							
Salaries of teachers				\$ 2,328	14,999		17,327
Personal services - employees benefits				161	1,114		1,275
Purchased professional - educational services						\$ 810	810
Purchased professional - technical services		\$ 2,918		15,076	77,216		95,210
Other purchased services				4,699	300		4,999
Supplies and materials				406	414		820
Total support services		<u>2,918</u>		<u>22,670</u>	<u>94,043</u>	<u>810</u>	<u>120,441</u>
Total expenditures	<u>\$ 50,688</u>	<u>\$ 2,918</u>	<u>\$ 105,732</u>	<u>\$ 22,670</u>	<u>\$ 99,174</u>	<u>\$ 810</u>	<u>\$ 281,992</u>

ELK TOWNSHIP BOARD OF EDUCATION
 Special Revenue Fund
 Preschool Education Aid Schedule of Expenditures -
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2019

	Budgeted	Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of teachers	\$ 50,688	\$ 50,688	
Total instruction	50,688	50,688	
Total expenditures	\$ 50,688	\$ 50,688	

CALCULATION OF BUDGET & CARRYOVER

Total revised 2018-2019 Preschool Education Aid Allocation	\$ 50,688	
Add: Actual ECPA Carryover (June 30, 2018)	1	
Total Preschool Education Aid Funds Available for 2018-2019 Budget	50,689	
Less: 2017-2018 budgeted Preschool Education Aid (including prior year budgeted carryover)	(50,688)	
Available and unbudgeted Preschool Education Aid Funds as of June 30, 2019	1	
Add: June 30, 2019 Unexpended Preschool Education Aid	None	
2018-2019 Carryover - Preschool Education Aid	\$ 1	
2018-2019 Preschool Education Aid carryover budgeted for Preschool Program in 2019-2020	\$ 1	

CAPITAL PROJECTS FUND

ELK TOWNSHIP BOARD OF EDUCATION
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 For the Fiscal Year Ended June 30, 2019

Project Title/Issue	Approval Date	Revised Budgetary Appropriation	GAAP		Unexpended Appropriations June 30, 2019
			Prior Year	Expenditures to Date Current Year	
Aura Elementary School Renovations	6/26/08	\$ 1,750,578	\$ 1,747,198	None	\$ 3,380

ELK TOWNSHIP BOARD OF EDUCATION
 Capital Projects Fund
 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budgetary Basis
 For the Year Ended June 30, 2019

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

ELK TOWNSHIP BOARD OF EDUCATION
 Capital Projects Fund
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Aura Elementary School Renovations
 From Inception and for the Year Ended June 30, 2019

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

PROPRIETARY FUNDS

ELK TOWNSHIP BOARD OF EDUCATION
Enterprise Funds
Combining Schedule of Net Position
For the Fiscal Year Ended June 30, 2019

	Food Service Fund	Childcare	Total FY 2019
ASSETS			
Cash and cash equivalents	\$ 133,115	\$ 221,122	\$ 354,237
Accounts receivable:			
Federal and state	12,906		12,906
Inventory	3,711		3,711
Interfund accounts receivable	13,352		13,352
Capital assets, net	7,936		7,936
Total assets	<u>171,020</u>	<u>221,122</u>	<u>392,142</u>
LIABILITIES			
Deferred revenue	1,713		1,713
Deposits payable	6,966		6,966
Accounts payable		424	424
Interfund payable		4,416	4,416
Total current liabilities	<u>8,679</u>	<u>4,840</u>	<u>13,519</u>
NET POSITION			
Investment in capital assets	7,936		7,936
Unrestricted	154,405	216,282	370,687
Total net position	<u>\$ 162,341</u>	<u>\$ 216,282</u>	<u>\$ 378,623</u>

ELK TOWNSHIP BOARD OF EDUCATION
Enterprise Funds
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2019

	Food Service Fund	Childcare	Total FY 2019
Operating Revenues:			
Charges for services			
Daily sales - reimbursable programs	\$ 26,673		\$ 26,673
Daily sales - non-reimbursable programs	21,937		21,937
Tuition		\$ 55,763	55,763
Special functions	763		763
Total operating revenue	<u>49,373</u>	<u>55,763</u>	<u>105,136</u>
Operating expenses:			
Salaries	45,129	25,077	70,206
Employee benefits	8,277		8,277
Other purchased services	17,562		17,562
Supplies and materials	3,614	1,144	4,758
Cost of sales - reimbursable	31,874		31,874
Cost of sales - non-reimbursable	8,648		8,648
Miscellaneous expenditures	487		487
Depreciation	956		956
Total operating expenses	<u>116,547</u>	<u>26,221</u>	<u>142,768</u>
Operating income (loss)	<u>(67,174)</u>	<u>29,542</u>	<u>(37,632)</u>
Non-operating revenues (expenses):			
Interest earned	355		355
Prior year accounts payable canceled		623	623
State sources:			
State school lunch program	1,263		1,263
Federal sources:			
School breakfast program	10,777		10,777
National school lunch program	51,922		51,922
School milk program	427		427
Food distribution program commodities	11,004		11,004
Total non-operating revenues (expenses)	<u>75,748</u>	<u>623</u>	<u>76,371</u>
Change in net position	8,574	30,165	38,739
Total net position - beginning	<u>153,767</u>	<u>186,117</u>	<u>339,884</u>
Total net position - ending	<u>\$ 162,341</u>	<u>\$ 216,282</u>	<u>\$ 378,623</u>

ELK TOWNSHIP BOARD OF EDUCATION
Enterprise Funds
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2019

	Food Service Fund	Childcare	Total FY 2019
Cash flows from operating activities:			
Receipts from customers	\$ 58,338	\$ 55,763	\$ 114,101
Payments to employees	(42,349)	(26,817)	(69,166)
Payments for employee benefits	(7,752)		(7,752)
Payments to suppliers	(60,772)	(720)	(61,492)
Net cash provided by (used for) operating activities	<u>(52,535)</u>	<u>28,226</u>	<u>(24,309)</u>
Cash flows from non-capital financing activities:			
Due from general fund	8,721		8,721
Federal and state reimbursements	63,987		63,987
Net cash provided by non-capital financing activities	<u>72,708</u>		<u>72,708</u>
Cash flows from investing activities			
Interest earned	355		355
Net cash provided by investing activities	<u>355</u>		<u>355</u>
Net increase in cash and cash equivalents	20,528	28,226	48,754
Balance - beginning of year	112,587	192,896	305,483
Balance - end of year	<u>\$ 133,115</u>	<u>\$ 221,122</u>	<u>\$ 354,237</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (67,174)	\$ 29,542	\$ (37,632)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	956		956
Food distribution program	11,004		11,004
(Increase) decrease in other receivables	(397)		(397)
(Increase) decrease in inventory	1,143		1,143
Increase (decrease) in deferred revenue	(2,465)		(2,465)
Increase (decrease) in deposits payable	(2)		(2)
Increase (decrease) in accounts payable	4,400	424	4,824
Increase (decrease) in interfund payable		(1,740)	(1,740)
Net cash provided by (used for) operating activities	<u>\$ (52,535)</u>	<u>\$ 28,226</u>	<u>\$ (24,309)</u>

ELK TOWNSHIP BOARD OF EDUCATION
Internal Service Fund
Combining Schedule of Net Position
For the Fiscal Year Ended June 30, 2019

	<u>Internal Service Fund</u>
ASSETS	
Current assets:	
Cash	\$ 1,098
Intergovernmental accounts receivable	705
Total assets	<u>1,803</u>
LIABILITIES	
Accounts payable	<u>778</u>
NET POSITION	
Unrestricted	<u><u>\$ 1,025</u></u>

ELK TOWNSHIP BOARD OF EDUCATION
Internal Service Fund
Combining Schedule of Revenues, Expenses,
and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2019

	<u>Internal Service Fund</u>
Operating revenues:	
Services provided to other governmental entities	<u>\$ 40,773</u>
Operating expenses:	
Salaries	40,540
Social security contribution	233
Total operating expenses	<u>40,773</u>
Change in net position	
Total net position - beginning	<u>1,025</u>
Total net position - ending	<u><u>\$ 1,025</u></u>

ELK TOWNSHIP BOARD OF EDUCATION
Internal Service Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2019

	Internal Service Fund
Cash flows from operating activities:	
Receipts from customers	\$ 40,068
Payments to employees	(39,995)
Net cash provided by (used for) operating activities	73
Net increase (decrease) in cash and cash equivalents	73
Balance - beginning of year	1,025
Balance - end of year	1,098
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
(Increase) decrease in accounts receivable	14,296
Increase (decrease) in accounts payable	777
Increase (decrease) in interfund payable	(15,000)
Net cash provided by (used for) operating activities	\$ 73

FIDUCIARY FUNDS

ELK TOWNSHIP BOARD OF EDUCATION
Combining Statement of Fiduciary Net Position
For the Fiscal Year Ended June 30, 2019

	Trust		Agency		Total FY 2019
	Unemployment Compensation Trust	Scholarship Fund	Student Activities	Payroll	
ASSETS					
Cash and cash equivalents	\$ 7,914	\$ 1,194	\$ 15,653	\$ 656	\$ 25,417
Accounts receivable	1,048				1,048
Total assets	<u>\$ 8,962</u>	<u>\$ 1,194</u>	<u>15,653</u>	<u>656</u>	<u>26,465</u>
LIABILITIES					
Payroll deductions and withholdings				\$ 656	656
Due to student groups			<u>\$ 15,653</u>		<u>15,653</u>
Total liabilities			<u>15,653</u>	<u>656</u>	<u>16,309</u>
NET POSITION					
Held in trust for unemployment claims	\$ 8,962				\$ 8,962
Nonexpendable trust		<u>\$ 1,194</u>			<u>1,194</u>
Total net position	<u>\$ 8,962</u>	<u>\$ 1,194</u>	<u>None</u>	<u>None</u>	<u>\$ 10,156</u>

ELK TOWNSHIP BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Position
Trust Funds
For the Fiscal Year Ended June 30, 2019

	Unemployment Compensation Trust	Scholarship Fund	Total FY 2019
ADDITIONS:			
Contributions:			
Donations			
Board contribution	\$ 20,000		\$ 20,000
Plan member	7,025		7,025
Total contributions	27,025		27,025
Investment earnings:			
Interest	29	\$ 4	33
Total additions	27,054	4	27,058
DEDUCTIONS:			
Unemployment claims	32,475		32,475
Total deductions	32,475		32,475
Change in net position	(5,421)	4	(5,417)
Net position - beginning	14,383	1,190	15,573
Net position - end	\$ 8,962	\$ 1,194	\$ 10,156

ELK TOWNSHIP BOARD OF EDUCATION
 Student Activity Agency Fund -
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2019

	<u>Balance July 1, 2018</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2019</u>
ACTIVITIES:				
Aura School	\$ 14,120	\$ 27,736	\$ 26,203	\$ 15,653

ELK TOWNSHIP BOARD OF EDUCATION
 Payroll Agency Fund -
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2019

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
ASSETS				
Cash and cash equivalents	\$ 49,076	\$ 2,939,333	\$ 2,987,753	\$ 656
Total assets	<u>\$ 49,076</u>	<u>\$ 2,939,333</u>	<u>\$ 2,987,753</u>	<u>\$ 656</u>
LIABILITIES				
Accrued salaries and wages		\$ 1,691,414	\$ 1,691,414	
Interfund payable	\$ 21,411		21,411	
Payroll deductions and withholdings	27,665	1,247,919	1,274,928	\$ 656
Total liabilities	<u>\$ 49,076</u>	<u>\$ 2,939,333</u>	<u>\$ 2,987,753</u>	<u>\$ 656</u>

LONG-TERM DEBT

ELK TOWNSHIP BOARD OF EDUCATION
 Schedule of Serial Bonds
 June 30, 2019

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2018	Retired	Balance June 30, 2019
			Date	Amount				
Aura School/Grounds Renovations	7/15/08	\$ 1,750,000	7/15/19-21	\$ 130,000	4.250%	\$ 805,000	\$ 130,000	\$ 675,000
			7/15/22	140,000	4.250%			
			7/15/23	145,000	4.375%			

ELK TOWNSHIP BOARD OF EDUCATION
 Schedule of Obligations Under Capital Leases
 For the Fiscal Year Ended June 30, 2019

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance June 30, 2018	Issued	Retired	Balance June 30, 2019
			Principle	Interest					
Access Points/Drops	7/1/15	5 Years	37,695	2,887	3.66%	\$ 19,535		\$ 9,590	\$ 9,945
Dell Networking	7/1/15	5 Years	18,877	1,446	3.66%	9,784		4,802	4,982
Chromebooks	7/1/16	3 Years	23,546	1,502	5.86%	8,158		8,158	
Chromebooks	7/1/16	3 Years	22,497	1,327	5.86%	7,490		7,490	
Computers	7/1/16	5 Years	56,408	5,584	4.85%	33,793		10,724	23,069
Server	7/1/17	5 Years	7,484	718	4.70%	5,843		1,360	4,483
Chromebooks	7/1/17	5 Years	21,932	1,241	5.62%	14,207		6,905	7,302
Dell Networking	7/1/18	5 Years	27,679	2,763	3.94%		\$ 27,679	5,183	22,496
						\$ 98,810	\$ 27,679	\$ 54,212	\$ 72,277

ELK TOWNSHIP BOARD OF EDUCATION
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 93,848		\$ 93,848	\$ 93,848	
State sources:					
Debt service aid type II	67,786		67,786	67,786	
Total revenues	<u>161,634</u>		<u>161,634</u>	<u>161,634</u>	
EXPENDITURES:					
Regular debt service:					
Interest	31,632		31,632	31,632	
Redemption of principal	130,000		130,000	130,000	
Total expenditures	<u>161,632</u>		<u>161,632</u>	<u>161,632</u>	
Excess (deficiency) of revenues over (under) expenditures	2		2	2	
Fund balance, July 1					
Fund balance, June 30	<u>\$ 2</u>		<u>\$ 2</u>	<u>\$ 2</u>	<u>None</u>

**STATISTICAL SECTION
(Unaudited)**

ELK TOWNSHIP SCHOOL DISTRICT
Statistical Section

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	113-120
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	121-124
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	125-128
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	129-130
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	131-135

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
Invested in capital assets, net of related debt	\$ 2,289,560	\$ 2,238,938	\$ 2,195,725	\$ 2,250,655	\$ 2,169,289	\$ 2,138,946	\$ 2,096,843	\$ 2,395,282	\$ 2,361,620	\$ 2,291,079
Restricted	481,780	855,910	993,766	878,670	634,209	607,856	1,083,250	1,221,735	1,279,186	1,883,098
Unrestricted	(76,070)	(25,649)	(121,764)	(127,673)	(75,247)	(1,024,838)	(1,028,413)	(1,305,450)	(18,734,340)	(1,446,713)
Total governmental activities net position	\$ 2,695,270	\$ 3,069,199	\$ 3,067,727	\$ 3,001,652	\$ 2,728,251	\$ 1,721,964	\$ 2,151,680	\$ 2,311,567	\$ (15,093,534)	\$ 2,727,464
Business-type activities:										
Invested in capital assets, net of related debt	\$ 7,431	\$ 13,230	\$ 17,104	\$ 14,871	\$ 12,999	\$ 11,768	\$ 10,810	\$ 9,851	\$ 8,892	\$ 7,936
Unrestricted	24,599	31,710	49,483	60,543	113,467	176,712	242,175	291,138	330,992	370,687
Total governmental activities net position	\$ 32,030	\$ 44,940	\$ 66,587	\$ 75,414	\$ 126,466	\$ 188,480	\$ 252,985	\$ 300,989	\$ 339,884	\$ 378,623
District-wide:										
Invested in capital assets, net of related debt	\$ 2,296,991	\$ 2,252,168	\$ 2,212,829	\$ 2,265,526	\$ 2,182,288	\$ 2,150,714	\$ 2,107,653	\$ 2,405,133	\$ 2,370,512	\$ 2,299,015
Restricted	481,780	855,910	993,766	878,670	634,209	607,856	1,083,250	1,221,735	1,279,186	1,883,098
Unrestricted	(51,471)	6,061	(72,281)	(67,130)	38,220	(848,126)	(786,238)	(1,014,312)	(18,403,348)	(1,076,026)
Total district-wide net position	\$ 2,727,300	\$ 3,114,139	\$ 3,134,314	\$ 3,077,066	\$ 2,854,717	\$ 1,910,444	\$ 2,404,665	\$ 2,612,556	\$ (14,753,650)	\$ 3,106,087

Source: District records.

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 2,416,307	\$ 1,518,029	\$ 1,635,316	\$ 1,670,014	\$ 1,701,843	\$ 1,846,653	\$ 1,665,514	\$ 1,760,745	\$ 1,850,643	\$ 1,747,688
Special education	471,806	506,028	543,727	503,887	548,104	600,813	525,692	495,460	458,884	269,473
Other special instruction	473,059	140,666	114,200	175,643	179,045	162,459	114,304	121,749	121,525	418,304
Other instruction	8,065	12,396	13,379	18,256	32,368	39,615	28,690	27,301	30,637	21,284
Support services:										
Tuition	189,710	236,184	177,061	182,979	206,930	214,315	99,616	185,221	197,509	91,434
Student & instructional related services	710,587	497,486	550,064	587,307	645,071	650,703	606,004	841,573	892,623	851,333
School administration services	233,479	166,393	181,412	177,742	120,174	152,562	124,419	133,198	124,925	140,926
General & business administrative services	325,861	253,659	258,720	259,619	286,205	303,872	251,928	254,681	161,765	136,763
Plant operations & maintenance	481,198	381,382	387,251	336,384	434,181	366,163	355,016	356,323	445,767	462,327
Pupil transportation	340,483	263,367	352,529	460,161	546,722	514,572	433,490	443,715	578,000	466,731
Unallocated benefits		1,086,946	1,288,605	1,303,994	1,237,419	1,306,877	1,405,894	1,712,709	2,509,218	2,439,342
Special schools		1,958								
Capital outlay		3,076	35,409	2,029	72,874	3,130	55,320	30,765	3,130	3,130
Interest on long-term debt	67,397	93,070	68,749	62,950	56,609	50,023	45,674	40,149	34,624	29,100
Amortization of bond issue costs	1,657	1,657	1,657	1,657	1,657	1,657	1,657	1,657	1,657	1,657
Unallocated depreciation	64,941	194,401	190,940	203,407	204,832	204,556	207,714	197,398	207,690	207,766
Total governmental activities expenses	5,784,550	5,356,698	5,799,019	5,946,029	6,274,034	6,417,970	5,920,932	6,602,644	7,618,597	7,287,258
Business-type activities:										
Food service	169,098	152,982	164,136	174,829	127,683	121,299	109,097	109,316	118,398	116,547
Childcare		13,340	10,886	14,222	16,820	16,221	14,375	17,439	21,906	26,221
Total business-type activities expenses	169,098	152,982	175,022	189,051	144,503	137,520	123,472	126,755	140,304	142,768
Total district-wide expenses	\$ 5,953,648	\$ 5,509,680	\$ 5,974,041	\$ 6,135,080	\$ 6,418,537	\$ 6,555,490	\$ 6,044,404	\$ 6,729,399	\$ 7,758,901	\$ 7,430,026

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Program revenues:										
Governmental activities:										
Charges for services	\$ 33,296	\$ 6,150	\$ 5,921	\$ 5,095	\$ 4,388	\$ 4,046	\$ 3,239	\$ 6,099	\$ 61,930	\$ 40,773
Operating grants & contributions	365,988	330,028	325,318	277,986	258,464	329,471	285,723	293,375	258,011	280,836
Total governmental activities program revenues	399,284	336,178	331,239	283,081	262,852	333,517	288,962	299,474	319,941	321,609
Business-type activities:										
Charges for services:										
Food service	61,670	57,367	58,327	67,008	47,777	44,284	44,222	42,546	52,219	49,373
Childcare		21,265	20,976	33,030	37,697	47,701	40,164	64,217	46,276	55,763
Operating grants & contributions	76,788	78,512	84,690	79,779	78,038	75,528	71,372	67,667	80,359	75,393
Total business-type activities revenues	138,458	157,144	163,993	179,817	163,512	167,513	155,758	174,430	178,854	180,529
Total district program revenues	\$ 537,742	\$ 493,322	\$ 495,232	\$ 462,898	\$ 426,364	\$ 501,030	\$ 444,720	\$ 473,904	\$ 498,795	\$ 502,138
Net (expense)/revenue:										
Governmental activities	\$ (5,385,266)	\$ (5,020,520)	\$ (5,467,780)	\$ (5,662,948)	\$ (6,011,182)	\$ (6,084,453)	\$ (5,631,970)	\$ (6,303,170)	\$ (7,298,656)	\$ (6,965,649)
Business-type activities	(30,640)	4,162	(11,029)	(9,234)	19,009	29,993	32,286	47,675	38,550	37,761
Total district-wide net expense	\$ (5,415,906)	\$ (5,016,358)	\$ (5,478,809)	\$ (5,672,182)	\$ (5,992,173)	\$ (6,054,460)	\$ (5,599,684)	\$ (6,255,495)	\$ (7,260,106)	\$ (6,927,888)
General revenues & other changes in net assets:										
Governmental activities:										
Property taxes levied for general purposes	\$ 2,103,308	\$ 2,247,237	\$ 2,332,830	\$ 2,369,005	\$ 2,415,831	\$ 2,652,801	\$ 2,763,747	\$ 2,819,022	\$ 2,922,506	\$ 3,339,193
Taxes levied for debt service	224,003	117,863	119,902	116,539	109,887	106,678	103,469	100,261	97,048	93,848
Unrestricted grants & contributions	2,708,106	2,739,306	2,978,663	3,032,415	3,065,739	3,143,232	3,208,109	3,292,233	3,361,851	3,994,372
Tuition received	127,022	290,769	51,320	78,610	115,521	211,209	48,854	93,687	176,453	102,810
Investment earnings	7,305	7,917	9,579	4,832	3,497	2,942	4,349	4,230	5,133	5,612
Miscellaneous income	14,281	11,357	8,264	14,466	59,306	4,003	5,611	153,624	3,223	18,914
Transfers	(34,000)	(20,000)	(27,000)	(18,000)	(32,000)	(104,501)	(32,000)			
Loss on disposal of assets			(7,249)							
Prior year receivable canceled				(994)			(40,453)		(10,526)	(8,229)
Total governmental activities	5,150,025	5,394,449	5,466,309	5,596,873	5,737,781	6,016,364	6,061,686	6,463,057	6,555,688	7,546,520

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities:										
Miscellaneous income	50	75	86	61	43	21	219	329	345	355
Prior year canceled payables										623
Loss on retirement of asset		(1,266)								
Contributed capital - fixed assets		3,279	5,590							
Transfers	34,000	20,000	27,000	18,000	32,000	32,000	32,000			
Total business-type activities	34,050	22,088	32,676	18,061	32,043	32,021	32,219	329	345	978
Total district-wide	\$ 5,184,075	\$ 5,416,537	\$ 5,498,985	\$ 5,614,934	\$ 5,769,824	\$ 6,048,385	\$ 6,093,905	\$ 6,463,386	\$ 6,556,033	\$ 7,547,498
Change in net position:										
Governmental activities	\$ (235,241)	\$ 373,929	\$ (1,471)	\$ (66,075)	\$ (273,401)	\$ (68,089)	\$ 429,716	\$ 159,887	\$ (742,968)	\$ 580,871
Business-type activities	3,410	26,250	21,647	8,827	51,052	62,014	64,505	48,004	38,895	38,739
Total district-wide	\$ (231,831)	\$ 400,179	\$ 20,176	\$ (57,248)	\$ (222,349)	\$ (6,075)	\$ 494,221	\$ 207,891	\$ (704,073)	\$ 619,610

Source: District records.

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund:										
Restricted		\$ 634,430	\$ 889,364	\$ 433,497	\$ 353,780	\$ 354,080	\$ 733,134	\$ 1,087,638	\$ 1,120,083	\$ 1,622,844
Assigned		292,416	101,020	441,790	277,044	250,391	346,731	130,712	155,723	256,872
Unassigned		38,812	58,753	35,485	23,420	33,931	4,945	7,438	53,753	18,618
Reserved	\$ 503,949									
Unreserved	10,133									
Total general fund	\$ 514,082	\$ 965,658	\$ 1,049,137	\$ 910,772	\$ 654,244	\$ 638,402	\$ 1,084,810	\$ 1,225,788	\$ 1,329,559	\$ 1,898,334
All other governmental funds:										
Restricted										
Debt service fund		\$ 1	\$ 2	\$ 3	\$ 5	\$ 5	\$ 5	\$ 5		\$ 2
Capital projects fund		3,380	3,380	3,380	3,380	3,380	3,380	3,380	\$ 3,380	3,380
Unassigned										
Special revenue fund		(6,764)	(6,366)	(6,892)	(4,993)	(5,187)	(4,177)			
Reserved	\$ 7,500									
Unreserved, reported in:										
Special revenue fund	(6,764)							(5,409)	(4,161)	(5,069)
Capital projects fund	11,439									
Debt service fund	1									
Total all other governmental funds	\$ 12,176	\$ (3,383)	\$ (2,984)	\$ (3,509)	\$ (1,608)	\$ (1,802)	\$ (792)	\$ (2,024)	\$ (781)	\$ (1,687)

Source: District records.

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Tax levy	\$ 2,327,311	\$ 2,365,100	\$ 2,452,732	\$ 2,485,544	\$ 2,525,718	\$ 2,759,479	\$ 2,867,216	\$ 2,919,283	\$ 3,019,554	\$ 3,433,041
Tuition charges	127,022	290,769	51,320	78,610	115,521	211,209	48,854	93,687	176,453	102,810
Interest earnings	7,305	7,917	9,579	4,832	3,497	2,941	4,349	4,230	4,833	5,612
Miscellaneous	14,834	12,683	16,764	16,881	59,306	5,003	5,611	153,624	3,523	18,914
State sources	2,436,874	2,798,264	2,952,749	3,079,311	3,104,520	3,164,035	3,228,690	3,331,423	3,398,189	3,541,358
Federal sources	636,667	269,744	342,732	228,675	219,683	307,668	265,142	252,137	221,673	238,299
Local sources								2,048		
Total revenue	5,550,013	5,744,477	5,825,876	5,893,853	6,028,245	6,450,335	6,419,862	6,756,432	6,824,225	7,340,034
Expenditures:										
Instruction:										
Regular instruction	1,698,581	1,506,904	1,604,871	1,666,784	1,767,585	1,858,416	1,687,805	1,798,364	1,892,557	1,836,833
Special education instruction	336,082	505,759	543,823	506,165	548,144	600,633	524,962	495,595	456,477	271,768
Other	318,490	139,946	131,827	175,468	179,220	161,784	114,972	117,631	120,625	403,431
School sponsored/other instructional	5,884	12,396	13,379	18,256	32,368	39,615	28,690	27,301	30,637	21,284
Total instruction	2,359,037	2,165,005	2,293,900	2,366,673	2,527,317	2,660,448	2,356,429	2,438,891	2,500,296	2,533,316
Undistributed:										
Instruction	189,710	236,184	177,061	182,979	206,930	214,315	99,616	185,221	197,509	91,434
Student & instruction related services	517,332	509,291	538,830	598,563	645,071	650,703	606,004	841,573	779,171	801,334
General administration services	127,098	91,632	95,916	109,976	93,308	97,348	99,745	91,473	113,452	89,511
School administrative services	174,713	164,994	169,286	174,873	131,762	146,749	120,350	130,682	124,925	140,926
Central services	145,826	152,695	148,619	151,809	144,840	150,851	112,744	118,573	119,785	104,904
Administration information technology	6,521	6,572	11,393	11,319	48,057	44,547	36,980	47,993	38,557	39,075
Operations and maintenance	389,797	371,307	394,589	375,489	433,960	355,965	347,296	352,605	382,108	419,037
Student transportation	343,772	278,367	367,529	465,300	546,722	514,572	433,490	443,715	578,000	466,731
Business and other support services:										
Employee benefits	867,536	746,908	888,788	831,959	823,054	870,960	895,121	961,932	1,007,808	1,096,211
On-behalf TPAF pension contribution	173,575	171,664	234,645	311,781	247,748	299,440	395,770	235,444	315,397	436,533
On-behalf long-term disability								479	394	279
On-behalf TPAF OPEB contribution								196,015	203,708	198,011
Reimbursed TPAF social security	191,773	167,716	162,131	162,343	176,340	152,685	156,410	172,346	162,678	169,561
Total undistributed	3,127,653	2,897,330	3,188,787	3,376,391	3,497,792	3,498,135	3,303,526	3,778,051	4,023,492	4,053,547

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Capital outlay	347,095	21,183	54,160	69,984	106,251	19,555	61,830	396,602	47,157	43,120
Special schools		1,958								
Debt service expenditures:										
Principal	285,000	126,000	135,000	135,000	130,000	130,000	130,000	130,000	130,000	130,000
Interest	123,945	76,984	71,491	65,701	59,256	53,732	48,206	42,681	37,156	31,632
Total expenditures	6,242,730	5,288,460	5,743,338	6,013,749	6,320,616	6,361,870	5,899,991	6,786,225	6,738,101	6,791,615
Excess (deficiency) of revenues over (under) expenditures	(692,717)	456,017	82,538	(119,896)	(292,371)	88,465	519,871	(29,793)	86,124	548,419
Other financing sources (uses):										
Capital leases (non-budgeted)			28,340					169,539	29,416	27,679
Prior year receivables canceled						(72,501)	(40,453)	(10,526)	(8,229)	
Transfers out	(34,000)	(20,000)	(27,000)	(19,006)	(32,010)	(32,000)	(32,010)	(10)	(10)	(10)
Transfers in				12	69,754		10	10	10	10
Total other financing sources (uses)	(34,000)	(20,000)	1,340	(18,994)	37,744	(104,501)	(72,453)	169,539	18,890	19,450
Net change in fund balance	\$ (726,717)	\$ 436,017	\$ 83,878	\$ (138,890)	\$ (254,627)	\$ (16,036)	\$ 447,418	\$ 139,746	\$ 105,014	\$ 567,869
Debt service as a percentage of noncapital expenditures	6.94%	3.85%	3.63%	3.38%	3.05%	2.90%	3.05%	2.70%	2.50%	2.40%

Source: District records.

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

Fiscal Year Ended June 30,	Refunds	Miscellaneous	Summer Program	Sale of Assets	Annual Totals
2010	\$ 2,793	\$ 6,656		\$ 4,832	\$ 14,281
2011	2,574	5,737	\$ 3,046		11,357
2012	5,549	600	50	2,065	8,264
2013	12,471	1,995			14,466
2014	10,055	49,251			59,306
2015	309	4,694			5,003
2016	4,170	1,441			5,611
2017	942	152,682			153,624
2018		3,223			3,223
2019	1,500	17,414			18,914
	<u>\$ 40,363</u>	<u>\$ 243,693</u>	<u>\$ 3,096</u>	<u>\$ 6,897</u>	<u>\$ 294,049</u>

Source: District records.

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farmland	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2010	21,249,300	314,651,800	25,981,400	4,396,300	24,901,100	1,137,400		392,317,300	1,421,103	393,738,403	368,937,053	0.600
2011	21,291,000	317,066,800	26,197,200	4,501,700	26,812,600	1,137,400		397,006,700	1,406,464	398,413,164	391,638,213	0.604
2012	19,466,400	320,339,500	26,458,300	4,412,100	27,936,500	1,137,400		399,750,200	1,336,575	401,086,775	382,547,020	0.616
2013	14,151,800	275,989,300	23,117,900	4,313,700	31,157,500	1,189,200		349,919,400	1,231,905	351,151,305	374,101,341	0.801
2014	14,194,800	276,047,800	22,896,000	4,398,500	30,622,800	1,189,200		349,349,100	1,093,377	350,442,477	359,865,466	0.810
2015	14,240,600	277,730,900	22,274,100	4,378,200	30,307,000	1,189,200		350,120,000	1,109,178	351,229,178	360,723,805	0.816
2016	17,933,400	275,905,100	24,150,100	4,349,300	30,344,300	1,189,200		353,871,400	1,088,181	354,959,581	368,583,465	0.822
2017	19,532,500	284,780,900	23,915,600	4,314,500	30,934,200	1,189,200		364,666,900	1,007,309	365,674,209	382,130,867	0.826
2018	17,934,500	293,890,500	22,894,800	4,119,600	29,913,100	1,189,200		369,941,700	1,077,657	371,019,357	383,914,044	0.925
2019	16,910,800	296,901,200	23,690,400	3,789,000	29,037,900	1,189,200		371,518,500	1,065,004	372,583,504	390,369,066	0.921

Source: Municipal Tax Assessor.

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

Fiscal Year Ended June 30,	Elk Township School District Direct Rate		Total Direct School Tax Rate	Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service		Delsea Regional School District	Elk Township	Gloucester County	
2010	0.570	0.030	0.600	0.613	0.549	0.596	2.358
2011	0.574	0.030	0.604	0.634	0.574	0.575	2.387
2012	0.586	0.030	0.616	0.658	0.642	0.565	2.481
2013	0.681	0.033	0.714	0.801	0.764	0.687	2.966
2014	0.775	0.035	0.810	0.838	0.794	0.681	3.123
2015	0.783	0.033	0.816	0.875	0.861	0.721	3.273
2016	0.791	0.031	0.822	0.922	0.876	0.750	3.370
2017	0.795	0.028	0.823	0.949	0.876	0.753	3.401
2018	0.895	0.030	0.925	0.945	0.876	0.755	3.501
2019	0.896	0.025	0.921	0.979	0.903	0.764	3.567

Source: Municipal Tax Collector.

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

	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Individual Taxpayer 1	6,043,000	1.62%	1,056,300	0.27%
Laux Lakeview Park Inc.	4,140,100	1.11%	924,000	0.23%
Aura Investors LLC	3,198,500	0.86%		
SCP 2007-C27, LLC (CVS Caremark)	2,449,900	0.66%	2,196,100	0.56%
Aura Development Group LLC	1,546,200	0.41%		
Clayton Associates	1,189,200	0.32%	1,137,400	0.29%
Copart of Connecticut Inc.	1,102,000	0.30%		
Verizon New Jersey	1,065,004	0.29%	1,802,555	0.46%
Robinson Property Holdings	1,052,200	0.28%		
US Bank NA Trustee	1,042,600	0.28%		
Western Oilfields Supply Co			1,140,600	0.29%
Christy Enterprises LLC			1,037,800	0.26%
Individual Taxpayer 2			936,200	0.24%
Laux Lakeview Park Inc.			924,000	0.23%
Individual Taxpayer 3			867,000	0.22%
	22,828,704	6.13%	12,021,955	3.05%

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2010	\$ 2,327,311	\$ 2,327,311	100.00%	
2011	2,365,100	2,365,100	100.00%	
2012	2,452,732	2,452,732	100.00%	
2013	2,485,544	2,485,544	100.00%	
2014	2,525,718	2,525,718	100.00%	
2015	2,759,479	2,759,479	100.00%	
2016	2,867,216	2,867,216	100.00%	
2017	2,919,283	2,919,283	100.00%	
2018	3,019,554	3,019,554	100.00%	
2019	3,433,041	3,433,041	100.00%	

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

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

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income
	General Obligation Bonds	Capital Leases			
2010	\$ 1,851,000	\$ 30,000	\$ 1,881,000	1.07%	
2011	1,725,000	15,000	1,740,000	0.96%	
2012	1,590,000	22,117	1,612,117	0.87%	
2013	1,455,000	16,978	1,471,978	0.78%	
2014	1,325,000	56,889	1,381,889	0.71%	
2015	1,195,000	29,101	1,224,101	0.60%	
2016	1,065,000		1,065,000	0.51%	
2017	935,000	123,105	1,058,105	0.49%	
2018	805,000	98,810	903,810	#DIV/0!	
2019	675,000	72,277	747,277	N/A	

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2010	\$ 1,851,000		\$ 1,851,000	0.55%	445
2011	1,725,000		1,725,000	0.25%	416
2012	1,590,000		1,590,000	0.63%	385
2013	1,455,000		1,455,000	0.54%	354
2014	1,325,000		1,325,000	0.54%	323
2015	1,195,000		1,195,000	0.34%	292
2016	1,065,000		1,065,000	0.30%	260
2017	935,000		935,000	0.26%	225
2018	805,000		805,000	0.22%	193
2019	675,000		675,000	0.18%	#DIV/0!

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

ELK TOWNSHIP BOARD OF EDUCATION
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2019
 Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Township of Elk	\$ 2,194,050	100.00%	\$ 2,194,050
Delsea Regional High School District	9,371,000	22.00%	2,061,620
Gloucester County General Obligation Debt	239,123,500	1.45%	3,467,291
Subtotal, overlapping debt			7,722,961
Township of Elk School District			675,000
Total direct and overlapping debt			<u>\$ 8,397,961</u>

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

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

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

Equalized valuation basis	
2016	\$ 369,269,957
2017	376,799,855
2018	387,089,777
	<u>\$ 1,133,159,589</u>
Average equalized valuation of taxable property	<u>\$ 377,719,863</u>
Debt limit (2.5% of average equalized value)	\$ 9,442,997
Total net debt applicable to limit	675,000
Legal debt margin	<u>\$ 8,767,997</u>

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 9,511,743	\$ 9,696,173	\$ 9,672,724	\$ 9,434,871	\$ 9,217,017	\$ 9,053,541	\$ 8,998,952	\$ 9,087,277	\$ 9,242,305	\$ 9,442,997
Total net debt applicable to limit	1,851,000	1,725,000	1,590,000	1,455,000	1,325,000	1,195,000	1,065,000	935,000	805,000	675,000
Legal debt margin	<u>\$ 7,660,743</u>	<u>\$ 7,971,173</u>	<u>\$ 8,082,724</u>	<u>\$ 7,979,871</u>	<u>\$ 7,892,017</u>	<u>\$ 7,858,541</u>	<u>\$ 7,933,952</u>	<u>\$ 8,152,277</u>	<u>\$ 8,437,305</u>	<u>\$ 8,767,997</u>
Total net debt applicable to the limit as a percentage of debt limit	19.46%	17.79%	16.44%	15.42%	14.38%	13.20%	11.83%	10.29%	8.71%	7.15%

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

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

Fiscal Year Ended June 30,	Population	Personal Income	Per Capita Personal Income *	Unemployment Rate
2010	4,162	\$ 176,002,656	\$ 42,288	9.5%
2011	4,151	181,680,968	43,768	9.3%
2012	4,130	185,416,350	44,895	9.5%
2013	4,114	188,528,164	45,826	9.5%
2014	4,105	194,187,025	47,305	14.9%
2015	4,090	203,011,240	49,636	6.6%
2016	4,094	207,111,366	50,589	4.6%
2017	4,151	217,952,406	52,506	4.7%
2018	4,173	N/A	N/A	4.3%
2019	N/A	N/A	N/A	N/A

* Represents information for Gloucester County

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

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

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

Employer	2019		2010	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
Amazon	4,500	3.06%		
Rowan University	3,500	2.38%	1,300	0.88%
Inspira Health	2,051	1.39%		
Underwood Memorial Hospital			1,825	1.24%
Jefferson Health	2,015	1.37%		
Kennedy Health Alliance			1,200	0.82%
Washington Township School District	1,550	1.05%	1,504	1.02%
Shop Rite	1,300	0.88%		
County of Gloucester	1,200	0.82%	1,500	1.02%
U.S. Foodservices	1,014	0.69%	800	0.54%
Monroe Township School District	811	0.55%	714	0.49%
Walmart-Turnersville	800	0.54%		
Missa Bay, LLC			950	0.65%
Valero			640	0.43%
Goodwin Pumps			640	0.43%
	18,741		11,073	

Source: Gloucester County Department of Economic Development.

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

N/A = Information not available.

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Instruction:										
Regular	29.1	25.6	28.1	26.6	25.8	26.6	27.6	27.0	26.1	25.0
Special education/other special	13.5	8.0	13.2	7.4	9.0	9.4	5.4	5.0	5.6	7.0
Support services:										
Student & instruction related services	7.2	6.0	6.9	7.0	5.0	3.2	7.2	7.2	7.5	6.2
General administration	1.0	1.0	0.1	0.5	0.5	0.3	0.3	0.3	0.3	0.3
School administrative services	2.2	2.0	2.2	1.0	1.0	1.5	1.5	1.5	1.5	1.5
Business administrative/technology services	2.0	2.0	2.0	1.5	1.5	2.0	2.0	2.0	1.0	1.0
Plant operations & maintenance	6.0	13.7	6.5	4.0	4.0	5.0	5.0	5.0	5.0	5.0
Food service										
Total	<u>61.0</u>	<u>58.3</u>	<u>59.0</u>	<u>48.0</u>	<u>46.8</u>	<u>48.0</u>	<u>49.0</u>	<u>48.0</u>	<u>47.0</u>	<u>46.0</u>

Source: District Personnel Records.

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

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures (a)	Cost per Pupil	Percentage Change	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff (b)	Elementary				
2010	388	\$ 5,094,436	\$ 13,130	-4.84%	36	1:10.8	387	370	2.65%	95.61%
2011	388	5,486,690	14,141	7.70%	39	1:10.0	384	365	-0.72%	95.05%
2012	394	5,064,293	12,854	-9.10%	39	1:10.2	398	384	3.59%	96.48%
2013	388	5,482,687	14,131	9.94%	37	1:9.3	364	346	-8.54%	95.05%
2014	356	6,025,109	16,924	19.77%	36	1:9.6	354	335	-2.75%	94.63%
2015	354	6,158,583	17,397	2.79%	37	1:10.6	350	332	-1.13%	94.86%
2016	347	5,659,955	16,311	-6.24%	36	1:10.4	343	327	-2.00%	95.34%
2017	336	6,216,942	18,503	13.44%	36	1:9.3	337	319	-1.75%	94.66%
2018	371	6,523,788	17,584	-4.96%	36	1:9.7	373	351	10.68%	94.10%
2019	352	6,586,863	18,713	6.42%	35	1:9.9	348	329	-6.70%	94.54%

Source: District records.

Note: Enrollment based on annual October District count.

a Operating expenditures equal total expenditures, less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

<u>Aura Elementary School</u>	<u>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>	<u>2019</u>
Square Feet	51,532	51,532	51,532	51,532	51,532	51,532	51,532	51,532	51,532	51,532
Capacity (students)	522	522	522	522	522	522	522	522	522	522
Enrollment	388	384	398	388	356	354	347	336	371	352

Number of Schools at June 30, 2019
 Elementary = 1

Source: District Office.

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

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

* School Facilities	Gross Square Footage	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Aura School	51,532	\$ 51,867	\$ 19,770	\$ 46,424	\$ 42,425	\$ 88,851	\$ 46,084	\$ 45,282	\$ 65,557	\$ 84,569	\$ 55,917	\$ 546,746

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

ELK TOWNSHIP BOARD OF EDUCATION
Insurance Schedule
June 30, 2019
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Selective Insurance Company of America		
Property/Inland Marine/Auto Physical Damage	\$ 175,000,000	\$ 500
Crime	500,000	500
General Liability/Auto Liability	20,000,000	
Workmen's Compensation	Statutory	
Educator's Legal Liability	20,000,000	
Firemans' Fund Insurance Company		
Commercial Umbrella	50,000,000	
Lexington Insurance Company, Inc.		
Cyber Liability	1,000,000	25,000
Lloyd's of London		
Violent Malicious Acts	1,000,000	15,000
Lloyd's of London		
Disaster Management Services	2,000,000	15,000
Travelers Insurance Company		
Boiler & Machinery	125,000,000	1,000
Commerce and Industry Insurance Company		
Commercial Pollution and Mold Legal Liability	3,000,000	100,000
Public Employees' Faithful Performance Bonds -		
Selective Insurance Company of America		
Surety Bond - Treasurer	165,000	
Surety Bond - Board Secretary/Business Administrator	20,000	

Source: District records.

SINGLE AUDIT SECTION

PETRONI & ASSOCIATES LLC

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Deanna L. Roller, CPA, RMA

EXHIBIT K-1

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

Independent Auditor's Report

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

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the Governmental Activities, the Business-type Activities, each major fund, and the aggregate remaining fund information of the Elk Township School District, in the County of Gloucester, State of New Jersey, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Elk Township School District's basic financial statements, and have issued our report thereon dated November 25, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Elk Township School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.

PETRONI & ASSOCIATES LLC



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

November 25, 2019

PETRONI & ASSOCIATES LLC

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EXHIBIT K-2

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

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited the Elk Township School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Elk Township School District's major state programs for the year ended June 30, 2019. Elk Township School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinion on Each Major State Program

In our opinion, Elk Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

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

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

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

We have audited the financial statements Elk Township School District as of and for the year ended June 30, 2019, and have issued our report thereon dated November 25, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Uniform Guidance and New Jersey OMB's Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditure of federal awards and state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

PETRONI & ASSOCIATES LLC



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

November 25, 2019

ELK TOWNSHIP BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2018	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balances at June 30, 2019			Cumulative Total Expenditures
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Education																
General Fund:																
Medical Assistance Program (SEMI)	93.778	1905NJSMAP	N/A	\$ 5,209	7/1/18	6/30/19			\$ 5,209	\$ (5,209)						\$ 5,209
Medicaid Administrative Claiming - MAC	93.778	1905NJSMAP	N/A	2,034	7/1/18	6/30/19			2,034	(2,034)						2,034
Total General Fund									7,243	(7,243)						7,243
U.S. Department of Education																
Passed-through State Department of Education:																
Special Revenue Fund:																
Title I, Part A	84.010	S010A160030	ESEA133019	102,847	7/1/18	6/30/19			59,116	(99,174)			\$ (40,058)			99,174
Title I, Part A	84.010	S010A160030	ESEA133018	101,032	7/1/17	6/30/18	\$ (67,999)		67,401		\$ 598					100,889
Subtotal							(67,999)		126,517	(99,174)	598		(40,058)			200,063
Special Education Cluster																
IDEA Part B, Basic Regular	84.027	H027A160100	FT133019	105,732	7/1/18	6/30/19			105,732	(105,732)						105,732
IDEA Part B, Basic Regular	84.027	H027A160100	FT133018	98,768	7/1/17	6/30/18	(98,768)		98,768							98,768
IDEA Part B, Preschool	84.173	H173A160114	FT133019	2,918	7/1/18	6/30/19				(2,918)			(2,918)			2,918
IDEA Part B, Preschool	84.173	H173A160114	FT133018	2,754	7/1/17	6/30/18	(2,754)		2,754							2,754
IDEA Part B, Preschool	84.173	H173A160114	FT133017	2,765	7/1/16	6/30/17	(2,376)				2,376					2,765
Total Special Education Cluster							(103,898)		207,254	(108,650)	2,376		(2,918)			212,937
Title II Part A	84.367	S367A160029	ESEA133019	25,622	7/1/18	6/30/19			7,149	(22,670)			(15,521)			22,422
Title II Part A	84.367	S367A160029	ESEA133018	18,586	7/1/17	6/30/18	(2,236)		1,210		1,026					11,932
Title II Part A	84.367	S367A160029	ESEA133017	14,655	7/1/16	6/30/17	(4,214)				4,214					13,934
							(6,450)		8,359	(22,670)	5,240		(15,521)			48,288
Title III	84.365	S365A150030	ESEA280014	810	7/1/17	6/30/18	(810)		720		90					810
Rural Education Achievement Program	84.358	S358A141526	S358A141526	28,111	7/1/18	6/30/19				(810)			(810)			810
Total Special Revenue Fund							(179,157)		342,850	(231,304)	8,304		(59,307)			462,908
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
Child Nutrition Cluster																
Food Distribution Program	10.550	N/A	N/A	10,278	7/1/18	6/30/19			11,004	(9,291)			\$ 1,713			8,566
Food Distribution Program	10.550	N/A	N/A	10,106	7/1/17	6/30/18	2,438			(2,438)						10,106
School Breakfast Program	10.553	191NJ304N1099	N/A	10,777	7/1/18	6/30/19			8,628	(10,777)			(2,149)			10,777
School Breakfast Program	10.553	181NJ304N1099	N/A	11,247	7/1/17	6/30/18	(2,046)		2,046							11,247
National School Lunch Program	10.555	191NJ304N1099	N/A	51,922	7/1/18	6/30/19			41,563	(51,922)			(10,359)			51,922
National School Lunch Program	10.555	181NJ304N1099	N/A	56,891	7/1/17	6/30/18	(10,093)		10,093							56,891
Special Milk Program	10.556	191NJ304N1099	N/A	425	7/1/18	6/30/19			356	(427)			(71)			425
Special Milk Program	10.556	181NJ304N1099	N/A	702	7/1/17	6/30/18	(112)		112							702
Total Enterprise Fund/Child Nutrition Cluster							(9,813)		73,802	(74,855)			(12,579)	1,713		150,636
Total Federal Financial Awards							\$ (188,970)		\$ 423,895	\$ (313,402)	\$ 8,304		\$ (71,886)	\$ 1,713		\$ 620,787

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

ELK TOWNSHIP BOARD OF EDUCATION
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2019

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2018			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance June 30, 2019			MEMO	
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover (Walkover) Amount				Accounts Receivable	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
Extraordinary Aid	19-100-034-5120-473	\$ 70,197	7/1/18	6/30/19				\$ (70,197)		\$ (70,197)				\$ 70,197	
Extraordinary Aid	18-100-034-5120-473	58,854	7/1/17	6/30/18	\$ (58,854)		\$ 58,854							58,854	
State Aid Public:															
Categorical Special Education Aid	19-495-034-5120-089	195,091	7/1/18	6/30/19			195,091	(195,091)					\$ 19,509	195,091	
Equalization Aid	19-495-034-5120-078	2,013,576	7/1/18	6/30/19			2,013,576	(2,013,576)					198,784	2,013,576	
Categorical Security Aid	19-495-034-5120-084	66,201	7/1/18	6/30/19			66,201	(66,201)					6,620	66,201	
School Choice Aid	19-495-034-5120-068	127,526	7/1/18	6/30/19			127,526	(127,526)					12,753	127,526	
Categorical Transportation Aid	19-495-034-5120-014	148,655	7/1/18	6/30/19			148,655	(148,655)					7,103	148,655	
Reimbursement of Nonpublic Transportation	N/A	3,190	7/1/18	6/30/19				(3,190)			(3,190)			3,190	
Reimbursement of Nonpublic Transportation	N/A	4,640	7/1/17	6/30/18	(4,640)		4,640							4,640	
On-behalf TPAF Pension Contribution	19-495-034-5094-002	436,533	7/1/18	6/30/19			436,533	(436,533)						436,533	
On-behalf TPAF Postretirement Contribution	19-495-034-5094-001	198,011	7/1/18	6/30/19			198,011	(198,011)						198,011	
On-behalf TPAF Long Term Disability Insurance	19-495-034-5094-004	279	7/1/18	6/30/19			279	(279)						279	
Reimbursed TPAF Social Security Aid	19-495-034-5094-003	169,561	7/1/18	6/30/19			161,377	(169,561)			(8,184)			169,561	
Reimbursed TPAF Social Security Aid	18-495-034-5094-003	172,346	7/1/16	6/30/17	(8,120)		8,120							172,346	
Total General Fund					(71,614)		3,418,863	(3,428,820)			(81,571)		244,769	3,664,660	
Special Revenue Fund:															
Preschool Education Act	19-495-034-5120-086	50,688	7/1/18	6/30/19			50,688	(50,688)					5,069	50,688	
Total Special Revenue Fund							50,688	(50,688)					5,069	50,688	
Debt Services Fund:															
Debt Service Aid Type II	19-495-034-5120-017	67,786	7/1/17	6/30/18			67,786	(67,786)						67,786	
Total Debt Service Fund							67,786	(67,786)						67,786	
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	19-100-010-3350-023	1,263	7/1/18	6/30/19			934	(1,263)			(329)			1,263	
National School Lunch Program (State Share)	18-100-010-3350-023	1,413	7/1/17	6/30/18	(254)		254							1,413	
Total Enterprise Fund					(254)		1,188	(1,263)			(329)			2,676	
Total State Financial Assistance					\$ (71,868)		\$ 3,538,525	\$ (3,548,557)			\$ (81,900)		\$ 249,838	\$ 3,785,810	
Less: On-Behalf TPAF Pension System Contributions															
								\$ (634,823)							
Total for State Financial Assistance - Major Program Determination								\$ (2,913,734)							

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

ELK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2019

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

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

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$5,028 for the General Fund and \$1,156 for the Special Revenue Fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented (See Exhibit B-2 and B-5):

ELK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF
AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2019

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

	Federal	State	Total
General Fund	\$ 7,243	\$ 3,423,792	\$ 3,431,035
Special Revenue Fund	231,056	49,780	280,836
Debt Service Fund		67,786	67,786
Food Service Fund	74,130	1,263	75,393
Total Financial Assistance	<u>\$ 312,429</u>	<u>\$ 3,542,621</u>	<u>\$ 3,855,050</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: FOOD DISTRIBUTION PROGRAM

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. Non-monetary assistance is reported in the schedule at the market value of the commodities received and disbursed. At June 30, 2019, Elk Township School District has food commodities totaling \$1,713 in inventory.

NOTE 6: OTHER

The amount reported as the TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2019. The TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of Social Security contributions for the TPAF members for the year ended June 30, 2019.

NOTE 7: INDIRECT COST RATE

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

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

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

ELK TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted? Yes No

Federal Awards

N/A

Internal control over major programs:

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

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

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

Identification of major programs: **N/A**

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

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

Auditee qualified as low-risk auditee? Yes No

ELK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

State Awards

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

Auditee qualified as low-risk auditee? X Yes No

Internal control over major programs:

1. Material weakness(es) identified? Yes X No

2. Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB’s Circular 15-08? Yes X No

Identification of major programs:

GMIS Numbers

495-034-5120-089
495-034-5120-078
495-034-5120-084
495-034-5120-068

Name of State Program

State Aid Public:
Special Education Aid
Equalization Aid
Security Aid
School Choice

ELK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Section II – Financial Statement Findings

None

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

FEDERAL AWARDS

N/A

STATE FINANCIAL ASSISTANCE

None

ELK TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Status of Prior Year Finding

N/A

Findings:

N/A

Condition:

N/A

Current Status:

N/A