

**Elk Township School District
Board of Education
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020**

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, 2020**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

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

For the Fiscal Year Ended June 30, 2020

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

January 11, 2021

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, 2020, 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 2019-20 fiscal year with an average daily enrollment of 322 students, which is 26 students less than the previous year's enrollment.

The teaching staff consists of approximately thirty-five 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 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/commercial 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 usually occurs that focuses on improving students' ELA and math skills, but due to the pandemic was not able to run this past summer.

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 three 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, world languages 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 IXL diagnostic assessments to assess students' math and ELA abilities periodically throughout the school year, adjust grouping, enhance learning, and provide remediation/enrichment.

Technology

Technology in the Elk Township School District is viewed as critical to school reform because of its capacity to support and enhance learning and instruction. Interaction via a multitude of educational software programs, a 1:1 ChromeBook initiative in grades four through six, Google Suite for Education, 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 Chromebooks 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 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.

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 professional development is focused on technology, shifting learning from static to dynamic as well as increasing staff learning with G Suite for Education. The District has also begun to focus on equity and access through PD activities, workshops, and conversations. 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 culturally responsive PBIS, restorative justice, student voice, and climate initiatives.

Sixth grade Elk Township students participate annually in a school-wide Science Fair and 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,

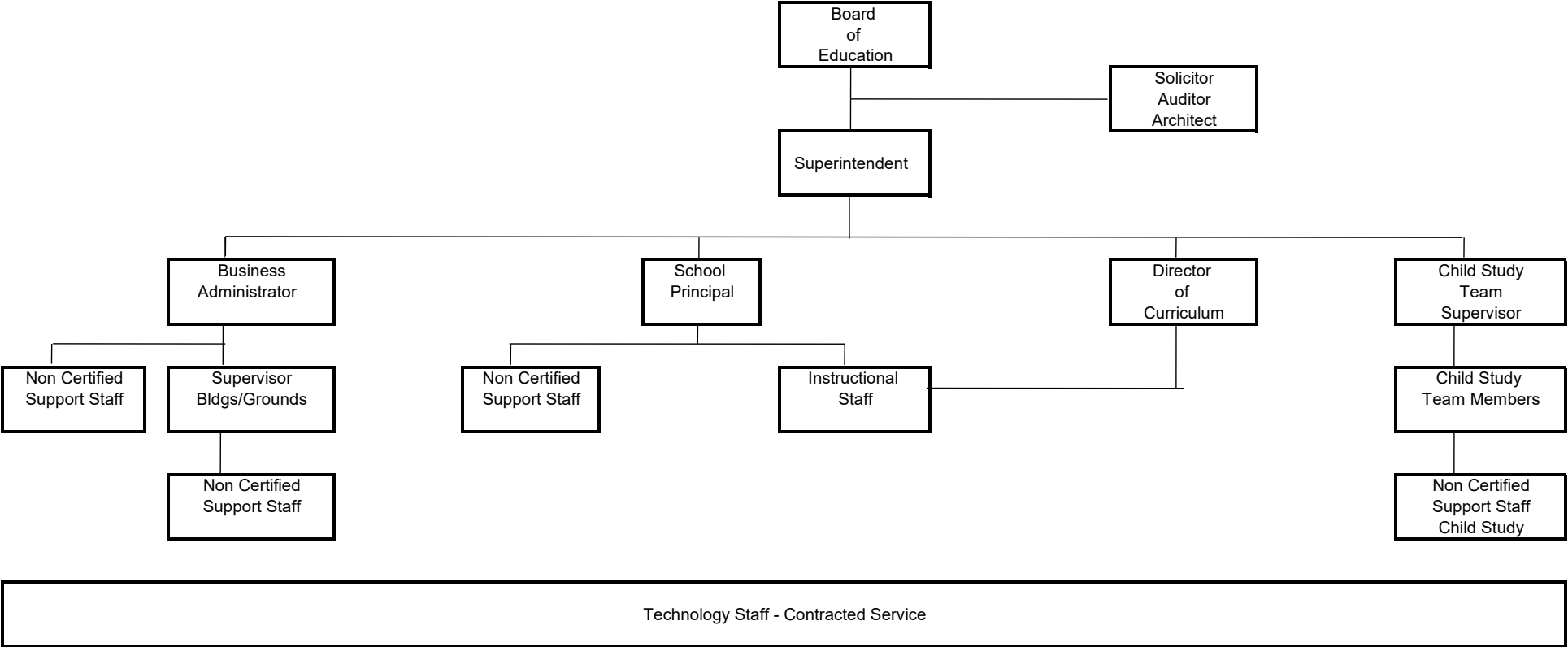
Dr. Piera Gravenor

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, 2020**

MEMBERS OF THE BOARD OF EDUCATION	Term Expires
J. Wilson Hughes, Jr., President	2021
Jennifer Wirtz, Vice President	2022
Cheryl L. Potter	2023
Mary Snively	2023
Joyce Massott-Burnett	2023
Wayne Howard	2022
Courtney Vance	2022
Danielle Bland	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
P.O. Box 279
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
P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA
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, 2020, 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, 2020, 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 January 11, 2021, 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

January 11, 2021

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Elk Township Board of Education
Management's Discussion & Analysis
Fiscal Year Ended June 30, 2020
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, 2020. 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 2020 are as follows:

- In total, net position increased from \$2,727,464 in FY 2019 to \$2,858,598 (See Exhibit A-1) in FY 2020 which is a \$131,134 increase or a 5% increase from fiscal year 2019. This was mainly due to a decrease in expenditures.
- General revenues accounted for \$7,041,537 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 \$462,272 or 7% of total revenues of \$7,503,809.
- The District had \$7,209,832 in expenses; only \$462,272 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and state aid) of \$7,041,537 were adequate to provide for these programs.
- Among Governmental Funds, the General Fund, the District's most significant fund, had \$6,885,040 in revenues and \$6,670,825 in expenditures (see Exhibit B-2). The fund balance for the General Fund increased \$154,866 over fiscal year 2019. This increase was partially due to decrease in expenditures.

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 2019-2020?" The Statement of Net Position and the Statement of Activities answer this question.

Elk Township Board of Education
Management's Discussion & Analysis
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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.

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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 2020 and 2019.

Table 1
Elk Township School District's Net Position

	Business-		Business-		Total	Total
	Governmental	type	Governmental	type		
	Activities		Activities			
	2020		2019		2020	2019
Assets						
Current and other assets	\$ 2,632,665	\$ 488,497	\$ 2,134,931	\$ 384,206	\$ 3,121,162	\$ 2,519,137
Capital assets	2,918,742	59,341	3,038,356	7,936	2,978,083	3,046,292
Total assets	<u>5,551,407</u>	<u>547,838</u>	<u>5,173,287</u>	<u>392,142</u>	<u>6,099,245</u>	<u>5,565,429</u>
Deferred Outflows of Resources						
Deferred bond issuance costs, net	4,969		6,626		4,969	6,626
Deferred outflows related to pension	60,110		83,289		60,110	83,289
Total deferred outflows of resources	<u>65,079</u>		<u>89,915</u>		<u>65,079</u>	<u>89,915</u>
Liabilities						
Long-term liabilities	1,809,886		1,989,124		1,809,886	1,989,124
Other liabilities	589,611	6,372	250,491	13,519	595,983	264,010
Total liabilities	<u>2,399,497</u>	<u>6,372</u>	<u>2,239,615</u>	<u>13,519</u>	<u>2,405,869</u>	<u>2,253,134</u>
Deferred Inflows of Resources						
Deferred inflows related to pension	358,391		296,123		358,391	296,123
	<u>358,391</u>		<u>296,123</u>		<u>358,391</u>	<u>296,123</u>
Net Position						
Invested in capital assets,						
Net of related debt	2,288,249	59,341	2,291,079	7,936	2,347,590	2,299,015
Restricted	2,038,691		1,883,098		2,038,691	1,883,098
Unrestricted	(1,468,342)	482,125	(1,446,713)	370,687	(986,217)	(1,076,026)
Total net position	<u>\$ 2,858,598</u>	<u>\$ 541,466</u>	<u>\$ 2,727,464</u>	<u>\$ 378,623</u>	<u>\$ 3,400,064</u>	<u>\$ 3,106,087</u>

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The School District as a Whole (Continued)

The District's combined net position was \$3,400,064 on June 30, 2020. This was a 9% increase from the prior year.

Total assets increased \$533,816. There was an increase in current and other assets.

Total liabilities increased \$152,735 due mainly to accounts payable.

Table 2 shows changes in net position for fiscal years 2020 and 2019.

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

	Business-		Business-		Total 2020	Total 2019
	Governmental	type	Governmental	type		
	Activities		Activities			
	2020		2019			
Revenues:						
Program revenues						
Charges for services	\$ 46,097	\$ 69,675	\$ 40,773	\$ 105,136	\$ 115,772	\$ 145,909
Operating grants and contributions	280,195	66,305	280,836	75,393	346,500	356,229
General revenues						
Property taxes	3,429,833		3,433,041		3,429,833	3,433,041
Federal and state aid not restricted	3,521,542		3,994,372		3,521,542	3,994,372
Other	89,784	378	127,336	978	90,162	128,314
Total revenue	<u>7,367,451</u>	<u>136,358</u>	<u>7,876,358</u>	<u>181,507</u>	<u>7,503,809</u>	<u>8,057,865</u>
Expenses:						
Instruction	2,478,646		2,456,749		2,478,646	2,456,749
Student support services	1,028,522		942,767		1,028,522	942,767
School administration	135,505		140,926		135,505	140,926
General & bus. administration	170,018		136,763		170,018	136,763
Plant operations & maintenance	471,990		462,327		471,990	462,327
Pupil transportation	460,127		466,731		460,127	466,731
Unallocated benefits	1,953,195		2,439,342		1,953,195	2,439,342
Food service		99,987		116,547	99,987	116,547
Childcare		33,528		26,221	33,528	26,221
Unallocated depreciation	234,780		207,766		234,780	207,766
Other	143,534		33,887		143,534	33,887
Total expenses	<u>7,076,317</u>	<u>133,515</u>	<u>7,287,258</u>	<u>142,768</u>	<u>7,209,832</u>	<u>7,430,026</u>
Transfers	(160,000)	160,000				
Prior year receivables canceled			(8,229)			
Increase (decrease) in net position	<u>\$ 131,134</u>	<u>\$ 162,843</u>	<u>\$ 580,871</u>	<u>\$ 38,739</u>	<u>\$ 293,977</u>	<u>\$ 627,839</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 a decrease in property taxes of \$3,208. 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 \$7,321,354 (see Exhibit B-2) for the year ended June 30, 2020. 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 \$7,105,914. Instruction and instruction related activities were \$3,696,448, 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 2020	Net Cost of Services 2020	Total Cost of Services 2019	Net Cost of Services 2019
Instruction:	\$ 2,478,646	\$ 2,198,451	\$ 2,456,749	\$ 2,175,913
Support services:				
Pupils and instructional staff	1,028,522	1,028,522	942,767	942,767
School administration	135,505	135,505	140,926	140,926
General & bus. administration	170,018	170,018	136,763	136,763
Plant operations & maintenance	471,990	425,893	462,327	421,554
Pupil transportation	460,127	460,127	466,731	466,731
Unallocated benefits	1,953,195	1,953,195	2,439,342	2,439,342
Other	378,314	378,314	241,653	241,653
Total expenses	<u>\$ 7,076,317</u>	<u>\$ 6,750,025</u>	<u>\$ 7,287,258</u>	<u>\$ 6,965,649</u>

Of the \$7,076,317 total cost of services for fiscal year 2020, \$6,750,025 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 \$135,980 and expenses of \$133,515 for fiscal year 2020. 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 \$7,321,354 and expenditures were \$7,105,914. 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, 2020, 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 2019	Percent of Increase (Decrease)
Local sources	\$ 3,519,617	48.07%	\$ (40,760)	-1.14%
State sources	3,555,407	48.56%	14,049	0.40%
Federal sources	246,330	3.36%	8,031	3.37%
	<u>\$ 7,321,354</u>	<u>100.00%</u>	<u>\$ (18,680)</u>	<u>-0.27%</u>

There is no significant change from 2019.

The following schedule presents a summary of General Fund, Special Revenue Fund, and Debt Service Fund expenditures for the fiscal year ended June 30, 2020, 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 2019	Percent of Increase (Decrease)
Current expense:				
Instruction	\$ 2,552,760	35.92%	\$ 19,444	0.77%
Undistributed	4,278,745	60.21%	225,198	5.56%
Debt service	156,106	2.20%	(5,526)	-3.42%
Capital outlay	118,303	1.66%	75,183	174.36%
	<u>\$ 7,105,914</u>	<u>100.00%</u>	<u>\$ 314,299</u>	<u>4.66%</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 \$6,886,040. 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 \$895,592 over the final budget amount.

Total expenditures, on the budget basis, were \$6,670,825. Expenditures were \$34,905 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 2020, the School District had \$2,978,083 invested in land, buildings, and machinery and equipment for Governmental and Business-type Activities. Table 6 shows fiscal year 2020 balances compared to 2019.

Debt Administration

Table 6 - Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land & improvements	\$ 311,362	\$ 335,842			\$ 311,362	\$ 335,842
Buildings & improvements	2,166,855	2,337,888			2,166,855	2,337,888
Construction in progress	265,935	265,935			265,935	265,935
Vehicles	32,299	32,299			32,299	32,299
Machinery & equipment	142,291	66,392	\$ 59,341	\$ 7,936	201,632	74,328
Total	\$ 2,918,742	\$ 3,038,356	\$ 59,341	\$ 7,936	\$ 2,978,083	\$ 3,046,292

At June 30, 2019, the School District had \$783,688 of outstanding debt. Of this amount, \$153,195 is for compensated absences; \$85,493 is for capital leases, and \$545,000 for bonds payable. The District continues to pay down its debt, decreasing bonds and capital leases in the amount of \$214,765 in fiscal year 2020.

Table 7 - Outstanding Debt at Year-End

	2020	2019
2008 general obligation bonds	\$ 545,000	\$ 675,000
Capital leases	85,493	72,277
Compensated absences payable	153,195	135,173
Total	\$ 783,688	\$ 882,450

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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.

COVID-19 Pandemic

In March 2020, the World Health Organization characterized a novel strain of coronavirus, known as COVID-19, as a pandemic. Concerns related to the spread of COVID-19 and the related containment measures intended to mitigate its impact have created substantial disruption to the global economy. As part of our response to the COVID-19 pandemic, we are following business continuity processes led by our Administrative team. Our main priority is the health and safety of our students and staff. Our actions have been driven by government mandates and guidelines. In March 2020, schools were closed due to the coronavirus pandemic. Eventually, all New Jersey schools were closed for the balance of the school year and students completed their studies via remote online instruction. In preparation for the 2020-21 school year amidst the continuing pandemic, the NJ Department of Education provided school districts with guidance to prepare a restart and recovery plan. One of the requirements of this plan, per state guidance, is the provision of some degree of in-person instruction.

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COVID-19 Pandemic (Continued)

A family opt-out provision allowing for full time remote instruction was later added to the guidance. In response, the District has developed its return to school plan for 2020-21. The plan requires the District to adequately provide reasonable accommodations for students and staff identified as being at a higher risk for severe illness from COVID-19. These accommodations will come mainly in the form of a full-virtual model for both teachers and students. The District will also rely heavily upon social distancing, mask wearing for students and staff, along with sanitation and cleaning procedures. The District expects the COVID-19 matter to impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

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, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,452,597	\$ 307,800	\$ 1,760,397
Receivables, net	454,114	163,175	617,289
Interfund receivable	197,723	10,353	208,076
Inventory		7,169	7,169
Restricted assets:			
Cash and cash equivalents	3,410		3,410
Capital reserve account - cash	524,820		524,820
Capital assets:			
Non-depreciable	45,404		45,404
Assets net of depreciation	2,873,338	59,341	2,932,679
Total assets	<u>5,551,406</u>	<u>547,838</u>	<u>6,099,244</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred bond issuance costs, net	4,969		4,969
Deferred outflows related to pension	60,110		60,110
	<u>65,079</u>		<u>65,079</u>
LIABILITIES			
Accounts payable	355,090	853	355,943
Accrued interest payable	10,699		10,699
Deferred revenue	17,040	3,787	20,827
Deposits payable		437	437
Interfund payable	206,781	1,295	208,076
Noncurrent liabilities:			
Due within one year	179,708		179,708
Due beyond one year	603,980		603,980
Net pension liability	1,026,198		1,026,198
Total liabilities	<u>2,399,496</u>	<u>6,372</u>	<u>2,405,868</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	<u>358,391</u>		<u>358,391</u>
NET POSITION			
Invested in capital assets, net of related debt	2,288,249	59,341	2,347,590
Restricted for:			
Capital projects	3,380		3,380
Debt service	5		5
Other purposes	2,035,306		2,035,306
Unrestricted	(1,468,342)	482,125	(986,217)
Total net position	<u>\$ 2,858,598</u>	<u>\$ 541,466</u>	<u>\$ 3,400,064</u>

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Activities
For the Year Ended June 30, 2020

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	\$ 1,811,193				\$ (1,811,193)		\$ (1,811,193)
Special education	224,533		\$ 280,195		55,662		55,662
Other special instruction	427,841				(427,841)		(427,841)
Other instruction	15,079				(15,079)		(15,079)
Support services:							
Tuition	249,580				(249,580)		(249,580)
Student & instructional related services	778,942				(778,942)		(778,942)
School administrative services	135,505				(135,505)		(135,505)
General & business administrative services	170,018				(170,018)		(170,018)
Plant operations & maintenance	471,990	\$ 46,097			(425,893)		(425,893)
Pupil transportation	460,127				(460,127)		(460,127)
Unallocated benefits	2,113,630				(2,113,630)		(2,113,630)
Interest on long-term debt	23,574				(23,574)		(23,574)
Amortization of bond issuance costs	1,657				(1,657)		(1,657)
Capital outlay	118,303				(118,303)		(118,303)
Unallocated depreciation	234,780				(234,780)		(234,780)
Total governmental activities	7,236,752	46,097	280,195		(6,910,460)		(6,910,460)
Business-type activities:							
Food service	99,987	30,336	66,305			\$ (3,346)	(3,346)
Childcare	33,528	39,339				5,811	5,811
Total business-type activities	133,515	69,675	66,305			2,465	2,465
Total primary government	\$ 7,370,267	\$ 115,772	\$ 346,500		\$ (6,910,460)	\$ 2,465	\$ (6,907,995)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					\$ 3,339,193		\$ 3,339,193
Taxes levied for debt service					90,640		90,640
Federal and state aid not restricted					3,681,977		3,681,977
Tuition received					80,657		80,657
Investment earnings					6,889	\$ 378	7,267
Miscellaneous Income					2,238		2,238
Transfer out					(160,000)	160,000	
Total general revenues, special items, extraordinary items, and transfers					7,041,594	160,378	7,201,972
Change in net position					131,134	162,843	293,977
Net position - beginning					2,727,464	378,623	3,106,087
Net position - end					\$ 2,858,598	\$ 541,466	\$ 3,400,064

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

ELK TOWNSHIP BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,452,592			\$ 5	\$ 1,452,597
Receivables from other governments	235,484	\$ 184,635			420,119
Interfund accounts receivable	197,723				197,723
Restricted cash and cash equivalents	524,820		\$ 3,410		528,230
Total assets	<u>\$ 2,410,619</u>	<u>\$ 184,635</u>	<u>\$ 3,410</u>	<u>\$ 5</u>	<u>2,598,669</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 347,148	\$ 5,075			352,223
Interfund accounts payable	10,271	166,377	\$ 30		176,678
Deferred revenue		17,040			17,040
Total liabilities	<u>357,419</u>	<u>188,492</u>	<u>30</u>		<u>545,941</u>
Fund balances:					
Restricted for:					
Capital reserve account	525,120				525,120
Excess surplus - current year	807,987				807,987
Excess surplus -prior year designated for subsequent year's expenditures	607,313				607,313
Debt service fund				\$ 5	5
Capital projects fund			3,380		3,380
Assigned fund balance:					
Other purposes	81,498				81,498
Designated by the BOE for subsequent year's expenditures	13,387				13,387
Unassigned fund balance:					
General fund	17,895				17,895
Special revenue fund		(3,857)			(3,857)
Total fund balances	<u>2,053,200</u>	<u>(3,857)</u>	<u>3,380</u>	<u>5</u>	<u>2,052,728</u>
Total liabilities and fund balances	<u>\$ 2,410,619</u>	<u>\$ 184,635</u>	<u>\$ 3,410</u>	<u>\$ 5</u>	

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2020

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 \$7,771,439 and the accumulated depreciation is \$4,852,697 (See Note 7).	\$ 2,918,742
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).	(783,688)
Net pension liability adjustment	(1,324,479)
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 \$19,884.	4,969
Interest on long-term debt in the Statement of Activities is accrued, regardless of when due.	(10,699)
Net position of Governmental Activities	<u>\$ 2,858,598</u>

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	\$ 3,339,193			\$ 90,640	\$ 3,429,833
Tuition	80,657				80,657
Interest earned on investments	6,579		\$ 10		6,589
Interest earned on capital reserve funds	300				300
Miscellaneous	2,238				2,238
	<u>3,428,967</u>		<u>10</u>	<u>90,640</u>	<u>3,519,617</u>
State sources	3,450,161	\$ 39,777		65,469	3,555,407
Federal sources	5,912	240,418			246,330
Total revenues	<u>6,885,040</u>	<u>280,195</u>	<u>10</u>	<u>156,109</u>	<u>7,321,354</u>
EXPENDITURES:					
Instruction:					
Regular instruction	1,884,184				1,884,184
Special education instruction	80,108	144,065			224,173
Other special instruction	429,324				429,324
Other instruction	15,079				15,079
Support:					
Tuition	249,580				249,580
Student & instruction related services	759,190	134,918			894,108
School administrative services	134,763				134,763
Other administrative services	166,033				166,033
Plant operations and maintenance	427,197				427,197
Pupil transportation	460,127				460,127
Unallocated benefits	1,946,937				1,946,937
Debt service:					
Principal				130,000	130,000
Interest				26,106	26,106
Capital outlay	118,303				118,303
Total expenditures	<u>6,670,825</u>	<u>278,983</u>		<u>156,106</u>	<u>7,105,914</u>
Excess (deficiency) of revenues over expenditures	<u>214,215</u>	<u>1,212</u>	<u>10</u>	<u>3</u>	<u>215,440</u>
Other financing sources (uses):					
Capital leases (non-budgeted)	96,384				96,384
Transfers in	4,267				4,267
Transfers out	(160,000)		(10)		(160,010)
Total other financing sources (uses)	<u>(59,349)</u>		<u>(10)</u>		<u>(59,359)</u>
Net change in fund balances	154,866	1,212		3	156,081
Fund balance - July 1	1,898,334	(5,069)	3,380	2	1,896,647
Fund balance - June 30	<u>\$ 2,053,200</u>	<u>\$ (3,857)</u>	<u>\$ 3,380</u>	<u>\$ 5</u>	<u>\$ 2,052,728</u>

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2020

Total net change in fund balances - Governmental Funds (from B-2)	\$ 156,081
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	\$ (234,780)
Capital outlays	115,166
	(119,614)
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	(96,384)
Capital lease obligation principal	83,169
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.	
	2,533
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.	
	(4,974)
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.	
	(18,020)
Change in net position of Governmental Activities	\$ 131,134

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-type Activities Enterprise Funds		Governmental Activities
	Food Service	Childcare	Internal Service Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 83,988	\$ 223,812	
Accounts receivable:			
State	49		
Federal	3,126		
Other	160,000		\$ 33,995
Interfund accounts receivable	10,353		
Inventory	7,169		
Total current assets	264,685	223,812	33,995
Noncurrent assets:			
Furniture, machinery & equipment	106,951		
Less accumulated depreciation	(47,610)		
Total noncurrent assets	59,341		
Total assets	324,026	223,812	33,995
LIABILITIES			
Current liabilities:			
Deferred revenue	3,787		
Deposits payable	437		
Accounts payable	429	424	2,867
Interfund payable		1,295	30,103
Total current liabilities	4,653	1,719	32,970
NET POSITION			
Invested in capital assets net of related debt	59,341		
Unrestricted	260,032	222,093	1,025
Total net position	\$ 319,373	\$ 222,093	\$ 1,025

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, 2020

	Business-type Activities Enterprise Funds		Governmental Activities
	Food Service	Childcare	Internal Service Fund
	<u>Food Service</u>	<u>Childcare</u>	<u>Internal Service Fund</u>
Operating revenues:			
Charges for services			
Daily sales - reimbursable programs	\$ 15,925		
Daily sales - non-reimbursable programs	13,133		
Tuition		\$ 39,339	
Special functions	1,278		
Services provided to other governmental entities			\$ 46,097
Total operating revenues	<u>30,336</u>	<u>39,339</u>	<u>46,097</u>
Operating expenses:			
Salaries	38,299	30,382	2,348
Data Coordinator			36,514
Employee benefits	6,452		2,974
Other purchased services	20,493		
Supplies and materials	3,031	892	
Cost of sales - reimbursable	23,474		
Cost of sales - non-reimbursable	5,444		
Miscellaneous	30	2,254	
Depreciation	2,764		
Total operating expenses	<u>99,987</u>	<u>33,528</u>	<u>41,836</u>
Operating income (loss)	<u>(69,651)</u>	<u>5,811</u>	<u>4,261</u>
Non-operating revenues (expenses):			
Interest earned	378		
Board contribution	160,000		
State sources:			
State school lunch program	936		
Federal sources:			
School breakfast program	6,723		
National school lunch program	45,713		
School milk program	494		
Food distribution program	12,439		
Transfer out			(4,261)
Total non-operating revenues (expenses)	<u>226,683</u>		<u>(4,261)</u>
Change in net position	157,032	5,811	
Total net position - beginning	162,341	216,282	1,025
Total net position - ending	<u>\$ 319,373</u>	<u>\$ 222,093</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, 2020

	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	\$ 28,206	\$ 39,339	\$ 42,907
Payments to employees	(38,299)	(30,382)	(39,744)
Payments for employee benefits	(6,452)		
Payments to suppliers	(45,388)	(3,146)	
Net cash provided by (used for) operating activities	<u>(61,933)</u>	<u>5,811</u>	<u>3,163</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Due from general fund	3,000	(3,121)	
Transfer out			(4,261)
Federal and state reimbursements	63,597		
Net cash provided by (used for) non-capital financing activities	<u>66,597</u>	<u>(3,121)</u>	<u>(4,261)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest earned	378		
Capital expenditures	(54,169)		
Net cash provided by investing activities	<u>(53,791)</u>		
Net increase (decrease) in cash and cash equivalents	(49,127)	2,690	(1,098)
Balances - beginning of year	133,115	221,122	1,098
Balances - end of year	<u>\$ 83,988</u>	<u>\$ 223,812</u>	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (69,651)	\$ 5,811	
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	2,764		
Food distribution program	12,439		
(Increase) decrease in other receivables			\$ (3,188)
(Increase) decrease in inventory	(3,458)		
Increase (decrease) in deferred revenue	2,074		
Increase (decrease) in deposits payable	(2,130)		
Increase (decrease) in accounts payable	(3,971)		2,090
Increase (decrease) in interfund payable			4,261
Net cash provided by (used for) operating activities	<u>\$ (61,933)</u>	<u>\$ 5,811</u>	<u>\$ 3,163</u>

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Unemployment Compensation Trust	Scholarship Fund	Agency Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 12,800	\$ 1,197	\$ 54,192
Accounts receivable	531		
Total assets	<u>\$ 13,331</u>	<u>\$ 1,197</u>	<u>\$ 54,192</u>
LIABILITIES			
Payroll deductions and withholdings			\$ 34,864
Due to student groups			19,328
Total liabilities			<u>\$ 54,192</u>
NET POSITION			
Held in trust for unemployment claims	<u>\$ 13,331</u>		
Nonexpendable trust		<u>\$ 1,197</u>	

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

	Unemployment Compensation Trust	Scholarship Fund
ADDITIONS:		
Contributions:		
Plan member	\$ 7,092	
Total contributions	7,092	
Investment earnings:		
Interest	29	\$ 3
Total additions	7,121	3
DEDUCTIONS:		
Unemployment claims	2,752	
Total deductions	2,752	
Change in net position	4,369	3
Net position - beginning of year	8,962	1,194
Net position - end of year	\$ 13,331	\$ 1,197

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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 Adopted

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, “Certain Asset Retirement Obligations.” This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO’s). This Statement, originally effective for period’s beginning after June 15, 2018, is postponed until June 15, 2019.

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88, “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.” This Statement, originally effective for periods beginning after June 15, 2018, is postponed until June 15, 2019.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

X. Recent Effective Accounting Pronouncements Postponed by Statement 95

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. As a result of GASB 95, the effective dates of the following statements are postponed by one year:

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities." The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement originally effective for periods beginning after December 31, 2018, is postponed until December 15, 2019. Management has not yet determined the impact of this Statement on the financial statements.

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, originally effective for periods beginning after December 15, 2018, is postponed until December 15, 2019, and will not have any effect on financial reporting.

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 92, "Omnibus 2020." This Statement, originally effective for periods beginning after December 15, 2020 is postponed until December 15, 2021. Management has not yet determined the impact of this Statement on the financial Statements.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93, "Replacement of Interbank Offered Rate." This Statement, except for paragraph 11b originally effective for periods beginning after June 15, 2020, is postponed until June 15, 2021. The requirement in paragraph 11b originally effective for periods beginning after December 31, 2021, is postponed until December 31, 2022. Management has not yet determined the impact of this Statement on the financial statements.

Y. Recent Accounting Pronouncements Not Yet Effective

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, "Leases." The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement, originally effective for periods beginning after December 15, 2019, is postponed until June 15, 2021, due to the issuance of Statement No. 95. Management expects this Statement will have an impact on the financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Y. Recent Accounting Pronouncements Not Yet Effective (Continued)

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." The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement, originally effective for periods beginning after December 15, 2019, is postponed until December 15, 2020, due to the issuance of Statement No. 95. Management does not expect this Statement will have an impact on the financial statements.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations." The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations and related note disclosures. This Statement, originally effective for periods beginning after December 15, 2020, is postponed until December 15, 2021, due to the issuance of Statement No. 95. Management does not expect this Statement will have an impact on the financial statements.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement is effective for periods beginning after June 15, 2022. Management does not expect this Statement will have an impact on the financial statements.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription-Based Information Technology Arrangements." This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement is effective for periods beginning after June 15, 2022. Management does not expect this Statement will have an impact on the financial statements.

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32." This Statement provides guidance on the accounting and financial reporting related to the reporting of fiduciary component units. This Statement is effective for periods beginning after June 15, 2021. Management does not expect this Statement will have a significant impact on the financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020

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, 2020 and 2019, was \$2,356,817 and \$1,992,284. As of June 30, 2020 and 2019, \$0 of the District’s bank balance of \$2,395,312 and \$2,328,755, respectively, was exposed to Custodial Credit Risk.

NOTE 3: INVESTMENTS

As of June 30, 2020 and 2019, 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.

NOTE 4: RECEIVABLES

Receivables at June 30, 2020, (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	\$ 117,319	\$ 49
Other	118,165	160,000
Federal aid	184,636	3,126
	<u>\$ 420,120</u>	<u>\$ 163,175</u>

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

The following Interfund balances remain on the balance sheet at June 30, 2020:

	Interfund	
	Receivable	Payable
General Fund	\$ 197,723	\$ 10,271
Special Revenue Fund		166,377
Capital Projects Fund		30
Food Service Fund	10,353	
Internal Service Fund		30,103
Childcare Fund		1,295
Total	\$ 208,076	\$ 208,076

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, 2020, consisted of the following:

Food	\$ 2,147
Commodities	3,787
Supplies	1,235
	\$ 7,169

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, 2020

NOTE 7: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2020</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	5,838,487		5,838,487
Construction in progress	265,935		265,935
Vehicles	387,980		387,980
Machinery & equipment	607,510	\$ 115,166	722,676
Totals at historical cost	<u>7,610,869</u>	<u>115,166</u>	<u>7,726,035</u>
Less: accumulated depreciation			
Site improvements	220,519	24,480	244,999
Building & building improvements	3,500,599	171,033	3,671,632
Vehicles	355,681		355,681
Machinery & equipment	541,118	39,267	580,385
Total accumulated depreciation	<u>4,617,917</u>	<u>234,780</u>	<u>4,852,697</u>
Governmental activities capital assets, net	<u>\$ 3,038,356</u>	<u>\$ (119,614)</u>	<u>\$ 2,918,742</u>
Business-type activities:			
Machinery & equipment	\$ 52,782	\$ 54,169	\$ 106,951
Less: accumulated depreciation	<u>44,846</u>	<u>2,764</u>	<u>47,610</u>
Business-type capital assets, net	<u>\$ 7,936</u>	<u>\$ 51,405</u>	<u>\$ 59,341</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, 2020, consisted of the following:

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020, was \$545,000.

B. Long-Term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2020, are as follows:

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020	Due in One year
Compensated absences					
Governmental	\$ 135,175	\$ 19,616	\$ 1,596	\$ 153,195	
Bonds payable	675,000		130,000	545,000	\$ 130,000
Capital leases	72,277	96,385	83,169	85,493	49,708
	<u>\$ 882,452</u>	<u>\$ 116,001</u>	<u>\$ 214,765</u>	<u>\$ 783,688</u>	<u>\$ 179,708</u>

C. Bonds Payable

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

Year Ended June 30,	Principal	Interest	Total
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>\$ 545,000</u>	<u>\$ 48,128</u>	<u>\$ 593,128</u>

D. Bonds Authorized but Not Issued

As of June 30, 2020, 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, 2020

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, 2020, 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 7.85%. 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, 2020.

Year Ended June 30,	Principal	Interest	Total
2021	\$ 49,708	\$ 5,075	\$ 54,783
2022	29,825	2,059	31,884
2023	5,960	128	6,088
	<u>\$ 85,493</u>	<u>\$ 7,262</u>	<u>\$ 92,755</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, 2020

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, 2020, 2019, and 2018, were \$55,934, \$56,573, and \$51,992, 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, 2020, 2019, and 2018, was \$659,918, \$634,823, and \$519,499, 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, 2020, 2019, and 2018; \$173,675, \$169,561, and \$162,678, 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, 2020, 2019, and 2018, was \$2,968,840, \$2,939,333, and \$2,808,994, respectively. Covered payroll was \$357,484, \$380,417, and \$377,183 for the PERS and \$2,479,682, \$2,364,451, and \$2,312,718 for the TPAF, for the same years.

For the year ended June 30, 2020, the District recognized pension expenses of \$60,373. At June 30, 2020, 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, 2020

NOTE 9: PENSION FUNDS (CONTINUED)

Funding Policy (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ 8,027
Changes of assumptions		320,054
Net difference between projected and actual earnings on pension plan investments		30,310
Changes in proportion and differences between District contributions and proportionate share of contributions	\$ 4,712	
Employer contributions subsequent to the measurement date	55,398	
	\$ 60,110	\$ 358,391

\$55,398 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, 2020, the plan measurement date is June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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
2021	\$ (36,376)
2022	(128,651)
2023	(134,552)
2024	(49,608)
2025	(4,492)
	\$ (353,679)

Additional information – Collective balances at June 30, 2019 and 2018, are as follows:

	June 30, 2019	June 30, 2018
Collective deferred outflows of resources	\$ 3,149,522,616	\$ 4,684,852,302
Collective deferred inflows of resources	7,645,087,574	7,646,736,226
Collective net pension liability	18,018,482,972	19,689,501,539
District's proportion	0.5695249300%	0.5620620000%

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020, 2019, and 2018, were \$1,169, \$595, and \$367 for covered employees.

NOTE 10: POSTEMPLOYMENT BENEFITS

The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 year of service or on a disability retirement. Under the provision of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. In fiscal year 2019, the State paid PRM benefits for 153,893 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 2019, the State contributed \$1.908 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's "pay-as-you-go" contributions have remained consistent with fiscal year 2018 amounts. The State has appropriated \$1.612 billion in fiscal year 2020 as the State's contribution to fund pay-as-you-go PRM costs.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10: POSTEMPLOYMENT BENEFITS (CONTINUED)

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. The fiscal year 2019 total State OPEB liability to provide these benefits is \$76.0 billion, a decrease of \$14.5 billion or 16 percent from the \$90.5 billion liability recorded in fiscal year 2018.

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, 2020, was \$11,721,477. 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, 2019, 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	3.50%

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

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 10: POSTEMPLOYMENT BENEFITS (CONTINUED)

Total Non-Employer OPEB Liability (Continued)

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The actuarial assumptions used in the June 30, 2018, valuation was based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, July 1, 2014 - June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF and PERS, respectively.

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

	Total OPEB Liability	
	June 30, 2018	June 30, 2019
Balance at beginning of measurement period	\$ 53,639,841,858	\$ 46,110,832,982
Changes for the year:		
Service cost	1,984,642,729	1,734,404,850
Interest	1,970,236,232	1,827,787,206
Changes of benefit terms	-	-
Differences between expected and actual experience	(5,002,065,740)	(7,323,140,818)
Changes in assumptions or other inputs	(5,291,448,855)	622,184,027
Contributions - Member	42,614,005	37,971,171
Benefit payments	(1,232,987,247)	(1,280,958,373)
Net changes	(7,529,008,876)	(4,381,751,937)
Balance at end of measurement period	\$ 46,110,832,982	\$ 41,729,081,045

There were no changes in benefit terms from 2017 to 2018 and 2019.

Changes in assumptions and other inputs reflect a change in the discount rate from 3.58% in 2017 to 3.87% in 2018 to 3.50% in 2019.

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 10: POSTEMPLOYMENT BENEFITS (CONTINUED)

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, 2019, associated with the School District using a discount rate of 3.50%, 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 2.50%	Current Rate 3.50%	1% Increase 4.50%
Total OPEB Liability (School Retirees)	\$ 13,847,696	\$ 11,721,477	\$ 10,032,525

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, 2019, 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 Rate	1% Increase
Total OPEB Liability (School Retirees)	\$ 9,657,975	\$ 11,721,477	\$ 14,453,130

Additional information – Collective balances at June 30, 2019 and 2018, are as follows:

	June 30, 2019	June 30, 2018
Collective deferred outflows of resources	\$ 1,921,145,183	\$ 1,377,313,892
Collective deferred inflows of resources	20,887,639,826	16,189,378,926
Collective OPEB Expense	1,015,664,874	2,129,660,368
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, 2020, the Board of Education recognized \$160,435 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, 2019, 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, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 10: POSTEMPLOYMENT BENEFITS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ (10,484,965,300)
Changes of assumptions or other inputs		(8,481,529,343)
Total	None	\$ (18,966,494,643)

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,	
2020	\$ (2,546,527,182)
2021	(2,546,527,182)
2022	(2,546,527,182)
2023	(2,546,527,182)
2024	(2,546,527,182)
Thereafter	(6,233,858,733)
	\$ (18,966,494,643)

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, 2020, is \$153,195.

ELK TOWNSHIP BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020

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
2019-2020		\$ 7,092	\$ 2,752	\$ 13,331
2018-2019	\$ 20,000	7,025	32,475	8,962
2017-2018		7,113	2,180	14,383

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, 2020

NOTE 14: CAPITAL RESERVE ACCOUNT (CONTINUED)

The activity of the capital reserve for the July 1, 2019 to June 30, 2020, fiscal year is as follows:

Beginning balance, July 1, 2019	\$ 524,820
Interest earnings	300
Ending balance, June 30, 2020	<u>\$ 525,120</u>

The June 30, 2020, LRFPA 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 50% and taxes fund 48% of the District's 2019-2020 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, 2020, amounted to \$7,251. Future minimum lease payments are as follows:

Year Ended June 30,	Amount
2021	\$ 7,251
2022	7,251
	<u>\$ 14,502</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, 2020

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, 2020.

Capital Reserve Account - Of the \$525,120 balance in the capital reserve account at June 30, 2020, \$0 has been designated for utilization in the 2020-2021 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, 2020.

Excess Surplus - At June 30, 2020, there was excess surplus in the amount of \$1,451,301 (\$607,313 of the total restricted amount has been appropriated and included as anticipated revenue for the year ending June 30, 2021).

Debt Service Fund - At June 30, 2020, there was \$5 fund balance.

Capital Projects Fund - At June 30, 2020, there was \$3,380 fund balance.

Committed Fund Balance - The District had no committed fund balance at June 30, 2020.

Assigned Fund Balance - At June 30, 2020, the District has assigned \$13,387 of General Fund balance to expenditures in the 2020-2021 budget; \$81,498 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, 2020, the District has \$17,895 of unassigned fund balance in the General Fund.

Special Revenue Fund - As of June 30, 2020, the fund balance was a deficit of \$3,857, 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, 2020, is \$1,451,300.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 19: DEFICIT IN FUND BALANCE

The District has a deficit fund balance of \$3,857 in the Special Revenue Fund, as of June 30, 2020, 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, 2020, 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, 2020

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, 2019.

NOTE 23: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2020 and January 11, 2021, 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. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the collection of certain anticipated revenues, such as interest, food service revenues, and child-care fees. Other financial impact could occur though such potential impact is unknown at this time.

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, 2020

	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	80,657	\$ 50,657
Interest on investments	4,000		4,000	6,579	2,579
Interest earned on capital reserve funds				300	300
Miscellaneous	5,000		5,000	2,238	(2,762)
Total - local sources	<u>3,378,193</u>		<u>3,378,193</u>	<u>3,428,967</u>	<u>50,774</u>
State Sources:					
Categorical transportation aid	148,655		148,655	148,655	
Extraordinary aid	60,000		60,000	72,214	12,214
Categorical special education aid	195,091		195,091	195,091	
Equalization aid	1,989,915		1,989,915	1,989,915	
School choice aid	143,759		143,759	143,759	
Categorical security aid	66,201		66,201	66,201	
Reimbursed non-public school transportation costs				1,450	1,450
TPAF - post retirement medical (on-behalf non-budgeted)				178,571	178,571
Teachers' pension & annuity fund (on-behalf non-budgeted)				481,347	481,347
TPAF - long-term disability (on-behalf non-budgeted)				283	283
Reimbursed TPAF Social Security contributions (non-budgeted)				173,675	173,675
Total - state sources	<u>2,603,621</u>		<u>2,603,621</u>	<u>3,451,161</u>	<u>847,540</u>
Federal sources:					
Medical assistance program	8,634		8,634	3,451	(5,183)
Medical administrative claiming				2,461	2,461
Total - federal sources	<u>8,634</u>		<u>8,634</u>	<u>5,912</u>	<u>(2,722)</u>
Total revenues	<u>\$ 5,990,448</u>		<u>\$ 5,990,448</u>	<u>\$ 6,886,040</u>	<u>\$ 895,592</u>

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current expense:					
Regular programs - instruction					
Preschool - salaries of teachers	\$ 121,403	\$ 11,410	\$ 132,813	\$ 131,424	\$ 1,389
Kindergarten - salaries of teachers	268,599	(4,400)	264,199	263,289	910
Grades 1-5 - salaries of teachers	995,789	(18,946)	976,843	969,506	7,337
Grades 6-8 - salaries of teachers	242,238	22,600	264,838	263,947	891
Regular programs - home instruction					
Salaries of teachers	1,000		1,000		1,000
Purchased professional - educational services	1,000		1,000		1,000
Regular programs - undistributed instruction					
Purchased professional - educational services	305,784	(139,015)	166,769	100,889	65,880
Rentals	53,891	5,199	59,090	59,090	
Other purchased services	31,621	79	31,700	28,668	3,032
General supplies	105,109	(18,278)	86,831	67,372	19,459
Total regular programs - instruction	<u>2,126,434</u>	<u>(141,351)</u>	<u>1,985,083</u>	<u>1,884,185</u>	<u>100,898</u>
Special education instruction:					
Learning and/or language disabilities					
Salaries of teachers	98,161	(40,000)	58,161		58,161
Total learning and/or language disabilities	<u>98,161</u>	<u>(40,000)</u>	<u>58,161</u>		<u>58,161</u>
Auditory Impairments					
Salaries of teachers	11,247	(10,000)	1,247		1,247
Total learning and/or language disabilities	<u>11,247</u>	<u>(10,000)</u>	<u>1,247</u>		<u>1,247</u>
Multiple disabilities					
Purchased professional - educational services	3,002		3,002	3,002	
Total multiple disabilities	<u>3,002</u>		<u>3,002</u>	<u>3,002</u>	
Resource room/resource center					
Salaries of teachers	75,679	977	76,656	76,656	
Purchased professional - educational services	4,002		4,002	450	3,552
General supplies	530		530		530
Total resource room/resource center	<u>80,211</u>	<u>977</u>	<u>81,188</u>	<u>77,106</u>	<u>4,082</u>
Preschool disabilities - part time					
General supplies	1,000	(977)	23		23
Total preschool disabilities - part time	<u>1,000</u>	<u>(977)</u>	<u>23</u>		<u>23</u>
Total special education - instruction	<u>193,621</u>	<u>(50,000)</u>	<u>143,621</u>	<u>80,108</u>	<u>63,513</u>
Basic skills/remedial - instruction					
Salaries of teachers	427,607		427,607	426,323	1,284
Purchased professional - educational services	3,002		3,002	3,002	
General supplies	2,000		2,000		2,000
Total basic skills/remedial - instruction	<u>432,609</u>		<u>432,609</u>	<u>429,325</u>	<u>3,284</u>
School-spon. curricular activities - instruction					
Salaries	11,475		11,475	5,000	6,475
General supplies	1,000		1,000		1,000
Total school-spon. curricular activities - instruction	<u>12,475</u>		<u>12,475</u>	<u>5,000</u>	<u>7,475</u>

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Before/after school programs - instruction					
Salaries of teachers	3,000		3,000	27	2,973
	<u>3,000</u>		<u>3,000</u>	<u>27</u>	<u>2,973</u>
Summer school - instruction:					
Salaries of teachers	23,800		23,800	8,795	15,005
Other salaries for instruction	4,800		4,800		4,800
General supplies	1,524		1,524	1,049	475
Other objects	500		500	208	292
	<u>30,624</u>		<u>30,624</u>	<u>10,052</u>	<u>20,572</u>
Total summer school - instruction					
	<u>30,624</u>		<u>30,624</u>	<u>10,052</u>	<u>20,572</u>
Total instructions	<u>2,798,763</u>	<u>(191,351)</u>	<u>2,607,412</u>	<u>2,408,697</u>	<u>198,715</u>
Undistributed expenditures - instruction					
Tuition to CSSD & regional day schools	132,790	103,309	236,099	233,175	2,924
Tuition to private schools for the disabled - within state	106,504	18,041	124,545	16,405	108,140
	<u>239,294</u>	<u>121,350</u>	<u>360,644</u>	<u>249,580</u>	<u>111,064</u>
Total undistributed expenditures - instruction					
	<u>239,294</u>	<u>121,350</u>	<u>360,644</u>	<u>249,580</u>	<u>111,064</u>
Undistributed expenditures - attendance and social work					
Salaries	13,048	(13,048)			
Salaries - Secretarial/Clerical		13,048	13,048	13,048	
Purchased professional - technical services	1,997		1,997	1,629	368
Other purchased services	750		750	747	3
	<u>15,795</u>		<u>15,795</u>	<u>15,424</u>	<u>371</u>
Total undistributed expenditures - attendance and social work					
	<u>15,795</u>		<u>15,795</u>	<u>15,424</u>	<u>371</u>
Undistributed expenditures - health services					
Salaries	81,679		81,679	79,589	2,090
Purchased professional - technical services	4,400		4,400	4,370	30
Other purchased services	1,150		1,150	150	1,000
Supplies and materials	5,215		5,215	2,311	2,904
	<u>92,444</u>		<u>92,444</u>	<u>86,420</u>	<u>6,024</u>
Total undistributed expenditures - health services					
	<u>92,444</u>		<u>92,444</u>	<u>86,420</u>	<u>6,024</u>
Undist. expend. - speech, OT, PT & related services:					
Purchased professional - educational services	55,000		55,000	54,265	735
Supplies and materials	4,000		4,000		4,000
	<u>59,000</u>		<u>59,000</u>	<u>54,265</u>	<u>4,735</u>
Total undist. expend. - speech, OT, PT & related serv.					
	<u>59,000</u>		<u>59,000</u>	<u>54,265</u>	<u>4,735</u>
Undist. expend. - other supp. serv. students - extra. serv.					
Purchased professional - educational services	226,800		226,800	129,046	97,754
Supplies and materials	5,000		5,000	1,275	3,725
Other objects	800		800		800
	<u>232,600</u>		<u>232,600</u>	<u>130,321</u>	<u>102,279</u>
Total undist. expend. - other supp. serv. students - extra serv.					
	<u>232,600</u>		<u>232,600</u>	<u>130,321</u>	<u>102,279</u>
Undist. expend. - guidance					
Purchased professional - technical services	1,747		1,747	1,735	12
Supplies and materials	1,000		1,000		1,000
	<u>2,747</u>		<u>2,747</u>	<u>1,735</u>	<u>1,012</u>
Total undist. expend. - guidance					
	<u>2,747</u>		<u>2,747</u>	<u>1,735</u>	<u>1,012</u>

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. expend. - child study teams					
Salaries of other professional staff	133,117		133,117	129,215	3,902
Salaries of secretarial and clerical assistants	54,552		54,552	45,220	9,332
Purchased professional - educational services	24,876		24,876	18,201	6,675
Miscellaneous purchased services		15	15	15	
Supplies and materials	3,098	(15)	3,083	245	2,838
Total undist. expend. - child study teams	<u>215,643</u>		<u>215,643</u>	<u>192,896</u>	<u>22,747</u>
Undist. expend. - improv. of inst. services					
Salaries of supervisors of instruction	30,000	(2,900)	27,100	21,899	5,201
Salaries of other professional staff	26,278	4,816	31,094	18,935	12,159
Salaries of secretarial and clerical assistants	30,180		30,180	25,180	5,000
Purchased professional - educational services	12,500		12,500	12,500	
Supplies and materials	6,000	(1,916)	4,084	999	3,085
Total undist. expend. - improv. of inst. services	<u>104,958</u>		<u>104,958</u>	<u>79,513</u>	<u>25,445</u>
Undist. expend. - edu. media serv./sch. library					
Other purchased services	800		800		800
Supplies and material	27,366		27,366	5,875	21,491
Total undist. expend. - edu. media serv./sch. library	<u>28,166</u>		<u>28,166</u>	<u>5,875</u>	<u>22,291</u>
Undist. expend. - instructional staff training					
Other salaries	2,000		2,000		2,000
Other purchased services	3,276		3,276	776	2,500
Total undist. expend. - instructional staff training	<u>5,276</u>		<u>5,276</u>	<u>776</u>	<u>4,500</u>
Undist. expend. - supp. serv. - general administration					
Salaries		10,792	10,792	10,792	
Other salaries	13,144	(10,792)	2,352	2,352	
Legal services	12,000		12,000	1,559	10,441
Audit fees	13,500		13,500	13,000	500
Architectural/engineering services	3,000		3,000		3,000
Other purchased professional services	45,000		45,000	45,000	
Purchased technical services	7,000		7,000	3,545	3,455
Rentals	225		225	225	
Communications/telephone	9,700		9,700		9,700
BOE other purchased services	700	809	1,509	1,509	
Other purchased services	13,730	(376)	13,354	10,539	2,815
General supplies	500		500	483	17
BOE in-house training/meeting supplies	200		200	100	100
Miscellaneous expenditures	1,000	37	1,037	1,037	
BOE membership dues and fees	6,000	(470)	5,530	5,441	89
Total undist. expend. - supp. serv. - general administration	<u>125,699</u>		<u>125,699</u>	<u>95,582</u>	<u>30,117</u>

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. expend. - supp. serv. - school administration					
Salaries of principals/assistant principals	78,835		78,835	78,835	
Salaries of other professional staff		2,000	2,000	2,000	
Salaries of secretarial and clerical assistants	39,144		39,144	39,144	
Purchased professional - technical services	12,735	(2,000)	10,735	8,644	2,091
Rentals	1,708		1,708	1,683	25
Supplies and materials	6,004		6,004	3,382	2,622
Other objects	2,000		2,000	1,075	925
Total undist. expend. - supp. serv. - school administration	140,426		140,426	134,763	5,663
Undist. expend. - central services					
Salaries					
Salaries of secretarial and clerical assistants	42,569		42,569	42,569	
Purchased professional services	46,900	2,616	49,516	49,516	
Purchased technical services	9,396	(2,616)	6,780	6,396	384
Miscellaneous purchased services	10,845		10,845	6,792	4,053
Supplies and materials	1,500	(400)	1,100	55	1,045
Interest on lease purchase agreements	6,098		6,098	5,669	429
Total undist. expend. - central services	117,308	(400)	116,908	110,997	5,911
Undist. expend. - admin. info. tech.					
Purchased technical services	25,000	(100)	24,900	24,800	100
Other purchased services	21,750	(7,700)	14,050	14,023	27
Supplies and materials	8,070	8,200	16,270	16,213	57
Total undist. expend. - admin. info. tech.	54,820	400	55,220	55,036	184
Undist. expend. - required maintenance for school facilities					
Cleaning, repair, and maintenance services	75,611		75,611	61,904	13,707
General supplies	5,788		5,788	5,001	787
Total undist. expend. - required maintenance for school facilities	81,399		81,399	66,905	14,494
Undist. expend. - custodial services					
Salaries	173,849	(173,849)			
Other salaries		173,850	173,850	172,198	1,652
Purchased professional - technical services	14,000	26,000	40,000	11,831	28,169
Cleaning, repair, and maintenance services	157,545	(56,000)	101,545	61,236	40,309
Other purchased property	1,000		1,000		1,000
Insurance	13,964		13,964	13,964	
Miscellaneous purchased services	15,972		15,972	11,525	4,447
General supplies	33,993		33,993	19,497	14,496
Natural gas	25,000		25,000	16,717	8,283
Energy (electricity)	53,000	(158)	52,842	46,350	6,492
Other expenditures	3,500	158	3,658	3,658	
Total undist. expend. - custodial services	491,823	(29,999)	461,824	356,976	104,848

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. expend. - care and upkeep of grounds					
Cleaning, repair and maintenance services	6,500		6,500	3,316	3,184
General supplies	3,000		3,000		3,000
Total undist. expend. - care and upkeep of grounds	9,500		9,500	3,316	6,184
Security					
Other purchased services	1,500		1,500		1,500
Total undist. expend. - oper. & maint. of plant services	584,222	(29,999)	554,223	427,197	127,026
Undist. expend. - student transportation services					
Contract services - aid in lieu of payments	15,000	5,000	20,000	13,340	6,660
Contract services (other than bet. home & school) vendors	2,000		2,000		2,000
Contract services (bet. home & sch) joint agrmnts	378,000	3,805	381,805	381,805	
Contract services (spec. ed. students) joint agrmnts	150,000	(38,805)	111,195	64,982	46,213
Total undist. expend. - student transportation services:	545,000	(30,000)	515,000	460,127	54,873
Unallocated benefits - employee benefits					
Social security contributions	38,639		38,639	32,171	6,468
Other retirement contributions - PERS	66,960		66,960	55,934	11,026
Unemployment compensation	40,000	30,000	70,000	70,000	
Workmen's compensation	29,808	(779)	29,029	28,683	346
Health benefits	1,018,849	(60,000)	958,849	916,317	42,532
Tuition reimbursement	10,000	(2,000)	8,000		8,000
Other employee benefits	11,200	2,779	13,979	9,957	4,022
Total unallocated benefits - employee benefits	1,215,456	(30,000)	1,185,456	1,113,062	72,394
On-behalf contributions:					
On-behalf TPAF pensions contributions (non-budgeted)				481,347	(481,347)
On-behalf TPAF long-term disability (non-budgeted)				283	(283)
On-behalf TPAF OPEB (post retire. medical) contrib. (non-budgeted)				178,571	(178,571)
Reimbursed TPAF social security contributions (non-budgeted)				173,675	(173,675)
Total on-behalf contributions				833,876	(833,876)
Total personal services - employee benefits	1,215,456	(30,000)	1,185,456	1,946,938	(761,482)
Total undistributed expenditures	3,778,854	31,351	3,810,205	4,047,445	(237,240)
Total general current expense	6,577,617	(160,000)	6,417,617	6,456,142	(38,525)
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	100,000		100,000		100,000
Total facilities acquisition and construction	100,000		100,000		100,000
Assessment for debt service on SDA funding	3,130		3,130	3,130	
Total capital outlay	218,303		218,303	118,303	100,000

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Assets acquired under capital lease:					
Assets acquired under capital lease (non-budgeted):					
Undistributed expenditures:					
Support services - student regular				96,384	(96,384)
Total assets acquired under capital lease				<u>96,384</u>	<u>(96,384)</u>
Total expenditures	6,795,920	(160,000)	6,635,920	6,670,829	(34,909)
Excess (deficiency) of revenues over (under) expenditures	<u>(805,472)</u>	160,000	<u>(645,472)</u>	215,211	930,501
Other financing sources (uses):					
Capital leases (non-budgeted)				96,384	96,384
Transfer to food service fund - board contribution		(160,000)	(160,000)	(160,000)	
Transfer in from internal service fund				4,261	4,261
Transfer in from capital projects				10	10
Total other financing sources		<u>(160,000)</u>	<u>(160,000)</u>	<u>(59,345)</u>	<u>100,655</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	(805,472)		(805,472)	155,866	1,031,156
Fund balance, July 1	<u>2,143,103</u>		<u>2,143,103</u>	2,143,103	
Fund balance, June 30	<u>\$ 1,337,631</u>		<u>\$ 1,337,631</u>	<u>\$ 2,298,969</u>	<u>\$ 1,031,156</u>
Recapitulation:					
Restricted Fund Balance:					
Capital reserve				\$ 525,120	
Excess surplus - designated for subsequent year's expenditures				607,313	
Excess surplus - current year				807,987	
Assigned Fund Balance:					
Year-end encumbrances				81,498	
Designated for subsequent year's expenditures				13,387	
Unassigned Fund Balance				263,664	
				<u>2,298,969</u>	
Reconciliation to governmental fund statements (GAAP):					
Last state aid payment not recognized on GAAP Basis				(245,769)	
Fund balance per governmental funds (GAAP)				<u>\$ 2,053,200</u>	

ELK TOWNSHIP BOARD OF EDUCATION
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal sources	\$ 364,183		\$ 364,183	\$ 240,418	\$ 123,765
State sources	38,565		38,565	38,565	
Total revenues	<u>\$ 402,748</u>		<u>\$ 402,748</u>	<u>\$ 278,983</u>	<u>\$ 123,765</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ 38,565		\$ 38,565	\$ 38,565	
Other salaries for instruction					
Other purchased services	102,068		102,068	102,068	
Supplies and materials	3,120		3,120	3,120	
Other objects	312		312	312	
Total instruction	<u>144,065</u>		<u>144,065</u>	<u>144,065</u>	
Support services:					
Salaries of teachers	53,333		53,333	31,471	\$ 21,862
Personal services - employee benefits	4,336		4,336	2,702	1,634
Purchased professional - technical services	114,072		114,072	91,410	22,662
Other purchased services	46,706		46,706	8,178	38,528
Supplies and materials	40,236		40,236	1,157	39,079
Total support services	<u>258,683</u>		<u>258,683</u>	<u>134,918</u>	<u>123,765</u>
Total expenditures	<u>\$ 402,748</u>		<u>\$ 402,748</u>	<u>\$ 278,983</u>	<u>\$ 123,765</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, 2020

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.	\$ 6,886,040	\$ 278,983
Difference - budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	244,769	5,069
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the following year.	(245,769)	(3,857)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental Funds.	\$ 6,885,040	\$ 280,195
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 6,670,829	\$ 278,983
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental Funds.	\$ 6,670,829	\$ 278,983

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 Six Fiscal Years

	Fiscal Year Ended					
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability (asset)	0.0056952493%	0.0056206200%	0.0055726878%	0.0064225481%	0.0040281167%	0.0043862970%
District's proportionate share of the net pension liability (asset)	\$ 1,026,198	\$ 1,106,672	\$ 1,297,233	\$ 1,902,175	\$ 904,231	\$ 821,235
District's covered-employee payroll	380,417	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	269.76%	293.40%	361.90%	492.69%	238.21%	292.02%
Plan fiduciary net position as a percentage of the total pension liability	56.27%	53.59%	48.10%	40.13%	47.93%	52.08%
Measurement Date	June 30, 2019	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 Six Fiscal Years

	Fiscal Year Ended					
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	\$ 55,398	\$ 55,907	\$ 51,625	\$ 57,057	\$ 34,631	\$ 36,160
Contributions in relation to the contractually required contribution	55,398	55,907	51,625	57,057	34,631	36,160
Contribution deficiency (excess)	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>
District's covered-employee payroll	\$ 380,417	\$ 377,183	\$ 358,454	\$ 386,080	\$ 379,591	\$ 281,230
Contributions as a percentage of covered-employee payroll	14.56%	14.82%	14.40%	14.78%	9.12%	12.86%
Measurement Date	June 30, 2019	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 Six Fiscal Years

	Fiscal Year Ended					
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability (asset)	0.0217404743%	0.0209095786%	0.0291454750%	0.0225641260%	0.0214053210%	0.0221860914%
District's proportionate share of the net pension liability (asset)	\$ 13,342,334	\$ 13,302,225	\$ 14,101,342	\$ 17,750,378	\$ 13,529,077	\$ 11,857,744
District's covered-employee payroll	2,364,451	2,312,718	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	564.29%	575.18%	622.52%	819.25%	639.85%	533.64%
Plan fiduciary net position as a percentage of the total pension liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%
Measurement Date	June 30, 2019	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 Three Fiscal Years

	Fiscal Year Ended		
	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 406,077	\$ 471,056	\$ 570,899
Interest	517,601	558,469	486,313
Changes of benefit terms			
Differences between expected and actual experience	(2,169,372)	(1,337,434)	
Changes of assumptions or other inputs	174,768	(1,508,059)	(2,081,311)
Member contributions	10,666	12,145	13,046
Benefit payments	(359,814)	(351,400)	(354,306)
Net change in total OPEB liability	(1,420,074)	(2,155,223)	(1,365,359)
Total OPEB liability - beginning	13,141,551	15,296,774	16,662,133
Total OPEB liability - ending	<u>\$ 11,721,477</u>	<u>\$ 13,141,551</u>	<u>\$ 15,296,774</u>
Covered employee payroll	\$ 2,898,125	\$ 2,741,634	\$ 2,771,784
Total OPEB liability as a percentage of covered employee payroll	404.45%	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	3.50%	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, 2020**

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, 2019, measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applies to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00 – 6.00% based on age
Thereafter	3.00 – 7.00% based on age
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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, 2020**

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, 2019, was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. 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 – 3.05% based on years of service
Thereafter	1.55 – 3.05% based on years of service
Salary increases (PERS):	
Through 2026	2.00 – 6.00% based on age
Thereafter	3.00 – 7.00% based on age

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 - June 30, 2018, 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-notices-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, 2020

	Preschool Education Aid (Exhibit E-2)	IDEA Preschool	IDEA Basic	Title II Part A	Title I Part A	Title III	Cares Emergency Relief	Climate Grant	Rural Education	Total
REVENUES:										
Federal sources		\$ 2,900	\$ 102,068	\$ 16,102	\$ 99,089	\$ 555	\$ 50	\$ 4,768	\$ 14,886	\$ 240,418
State sources	\$ 38,565									38,565
Total revenues	\$ 38,565	\$ 2,900	\$ 102,068	\$ 16,102	\$ 99,089	\$ 555	\$ 50	\$ 4,768	\$ 14,886	\$ 278,983
EXPENDITURES:										
Instruction:										
Salaries of teachers	\$ 38,565									\$ 38,565
Other purchased services			\$ 102,068							102,068
General supplies					\$ 3,120					3,120
Other objects					312					312
Total instruction	38,565		102,068		3,432					144,065
Support services:										
Salaries of teachers				\$ 4,596	14,050				\$ 12,825	31,471
Personal services - employees benefits				351	1,075			\$ 295	981	2,702
Purchased professional - technical services		\$ 2,900		8,500	79,960		\$ 50			91,410
Other purchased services				2,070		\$ 555		4,473	1,080	8,178
Supplies and materials				585	572					1,157
Total support services		2,900		16,102	95,657	555	50	4,768	14,886	134,918
Total expenditures	\$ 38,565	\$ 2,900	\$ 102,068	\$ 16,102	\$ 99,089	\$ 555	\$ 50	\$ 4,768	\$ 14,886	\$ 278,983

ELK TOWNSHIP BOARD OF EDUCATION
 Special Revenue Fund
 Preschool Education Aid Schedule of Expenditures -
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2020

	Budgeted	Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of teachers	\$ 38,565	\$ 38,565	
Total instruction	38,565	38,565	
Total expenditures	\$ 38,565	\$ 38,565	

CALCULATION OF BUDGET & CARRYOVER

Total revised 2019-2020 Preschool Education Aid Allocation	\$ 38,565	
Add: Actual ECPA Carryover (June 30, 2019)	1	
Total Preschool Education Aid Funds Available for 2018-2019 Budget	38,566	
Less: 2017-2018 budgeted Preschool Education Aid (including prior year budgeted carryover)	(38,565)	
Available and unbudgeted Preschool Education Aid Funds as of June 30, 2020	1	
Add: June 30, 2020 Unexpended Preschool Education Aid	None	
2019-2020 Carryover - Preschool Education Aid	\$ 1	
2019-2020 Preschool Education Aid carryover budgeted for Preschool Program in 2020-2021	\$ 1	

CAPITAL PROJECTS FUND

ELK TOWNSHIP BOARD OF EDUCATION
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 For the Fiscal Year Ended June 30, 2020

Project Title/Issue	Approval Date	Revised Budgetary Appropriation	GAAP		Unexpended Appropriations June 30, 2020
			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, 2020

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, 2020

	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, 2020

	Food Service Fund	Childcare	Total FY 2020
ASSETS			
Cash and cash equivalents	\$ 83,988	\$ 223,812	\$ 307,800
Accounts receivable:			
State	49		49
Federal	3,126		3,126
Other receivables	160,000		160,000
Interfund accounts receivable	10,353		10,353
Inventory	7,169		7,169
Capital assets, net	59,341		59,341
Total assets	<u>324,026</u>	<u>223,812</u>	<u>547,838</u>
LIABILITIES			
Deferred revenue	3,787		3,787
Deposits payable	437		437
Accounts payable	429	424	853
Interfund payable		1,295	1,295
Total current liabilities	<u>4,653</u>	<u>1,719</u>	<u>6,372</u>
NET POSITION			
Investment in capital assets	59,341		59,341
Unrestricted	260,032	222,093	482,125
Total net position	<u>\$ 319,373</u>	<u>\$ 222,093</u>	<u>\$ 541,466</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, 2020

	Food Service Fund	Childcare	Total FY 2020
Operating Revenues:			
Charges for services			
Daily sales - reimbursable programs	\$ 15,925		\$ 15,925
Daily sales - non-reimbursable programs	13,133		13,133
Tuition		\$ 39,339	39,339
Special functions	1,278		1,278
Total operating revenue	<u>30,336</u>	<u>39,339</u>	<u>69,675</u>
Operating expenses:			
Salaries	38,299	30,382	68,681
Employee benefits	6,452		6,452
Other purchased services	20,493		20,493
Supplies and materials	3,031	892	3,923
Cost of sales - reimbursable	23,474		23,474
Cost of sales - non-reimbursable	5,444		5,444
Miscellaneous expenditures	30	2,254	2,284
Depreciation	2,764		2,764
Total operating expenses	<u>99,987</u>	<u>33,528</u>	<u>133,515</u>
Operating income (loss)	<u>(69,651)</u>	<u>5,811</u>	<u>(63,840)</u>
Non-operating revenues (expenses):			
Interest earned	378		378
Board contribution	160,000		160,000
State sources:			
State school lunch program	936		936
Federal sources:			
School breakfast program	6,723		6,723
National school lunch program	45,713		45,713
School milk program	494		494
Food distribution program commodities	12,439		12,439
Total non-operating revenues (expenses)	<u>226,683</u>		<u>226,683</u>
Change in net position	157,032	5,811	162,843
Total net position - beginning	162,341	216,282	378,623
Total net position - ending	<u>\$ 319,373</u>	<u>\$ 222,093</u>	<u>\$ 541,466</u>

ELK TOWNSHIP BOARD OF EDUCATION
Enterprise Funds
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2020

	Food Service Fund	Childcare	Total FY 2020
Cash flows from operating activities:			
Receipts from customers	\$ 28,206	\$ 39,339	\$ 67,545
Payments to employees	(38,299)	(30,382)	(68,681)
Payments for employee benefits	(6,452)		(6,452)
Payments to suppliers	(45,388)	(3,146)	(48,534)
Net cash provided by (used for) operating activities	<u>(61,933)</u>	<u>5,811</u>	<u>(56,122)</u>
Cash flows from non-capital financing activities:			
Due from general fund	3,000	(3,121)	(121)
Federal and state reimbursements	63,597		63,597
Net cash provided by non-capital financing activities	<u>66,597</u>	<u>(3,121)</u>	<u>63,476</u>
Cash flows from investing activities			
Interest earned	378		378
Capital expenditures	(54,169)		(54,169)
Net cash provided by investing activities	<u>(53,791)</u>		<u>(53,791)</u>
Net increase in cash and cash equivalents	(49,127)	2,690	(46,437)
Balance - beginning of year	133,115	221,122	354,237
Balance - end of year	<u>\$ 83,988</u>	<u>\$ 223,812</u>	<u>\$ 307,800</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (69,651)	\$ 5,811	\$ (63,840)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	2,764		2,764
Food distribution program	12,439		12,439
(Increase) decrease in inventory	(3,458)		(3,458)
Increase (decrease) in deferred revenue	2,074		2,074
Increase (decrease) in deposits payable	(2,130)		(2,130)
Increase (decrease) in accounts payable	(3,971)		(3,971)
Net cash provided by (used for) operating activities	<u>\$ (61,933)</u>	<u>\$ 5,811</u>	<u>\$ (56,122)</u>

ELK TOWNSHIP BOARD OF EDUCATION
Internal Service Fund
Combining Schedule of Net Position
For the Fiscal Year Ended June 30, 2020

	Internal Service Fund
ASSETS	
Current assets:	
Intergovernmental accounts receivable	\$ 33,995
Total assets	33,995
LIABILITIES	
Accounts payable	2,867
Interfund payable	30,103
Total liabilities	32,970
NET POSITION	
Unrestricted	\$ 1,025

ELK TOWNSHIP BOARD OF EDUCATION
Internal Service Fund
Combining Schedule of Revenues, Expenses,
and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2020

	Internal Service Fund
Operating revenues:	
Services provided to other governmental entities	\$ 46,097
Operating expenses:	
Salaries	2,348
Data Coordinator	36,514
Employee benefits	2,974
Total operating expenses	41,836
Operating income (loss)	4,261
Non-operating revenues (expenses):	
Transfer out	(4,261)
Total net position - beginning	1,025
Total net position - ending	\$ 1,025

ELK TOWNSHIP BOARD OF EDUCATION
Internal Service Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2020

	<u>Internal Service Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 42,907
Payments to employees	(39,744)
	<u>3,163</u>
Net cash provided by (used for) operating activities	
Cash flows from non-capital financing activities:	
Transfer out	(4,261)
	<u>(4,261)</u>
Net increase (decrease) in cash and cash equivalents	(1,098)
Balance - beginning of year	<u>1,098</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
(Increase) decrease in accounts receivable	(3,188)
Increase (decrease) in accounts payable	2,090
Increase (decrease) in interfund payable	4,261
	<u>4,261</u>
Net cash provided by (used for) operating activities	<u><u>\$ 3,163</u></u>

FIDUCIARY FUNDS

ELK TOWNSHIP BOARD OF EDUCATION
Combining Statement of Fiduciary Net Position
For the Fiscal Year Ended June 30, 2020

	Trust		Agency		Total FY 2020
	Unemployment Compensation Trust	Scholarship Fund	Student Activities	Payroll	
ASSETS					
Cash and cash equivalents	\$ 12,800	\$ 1,197	\$ 19,328	\$ 34,864	\$ 68,189
Accounts receivable	531				531
Total assets	<u>\$ 13,331</u>	<u>\$ 1,197</u>	<u>19,328</u>	<u>34,864</u>	<u>68,720</u>
LIABILITIES					
Payroll deductions and withholdings				34,864	34,864
Due to student groups			<u>19,328</u>		<u>19,328</u>
Total liabilities			<u>19,328</u>	<u>34,864</u>	<u>54,192</u>
NET POSITION					
Held in trust for unemployment claims	\$ 13,331				13,331
Nonexpendable trust		<u>\$ 1,197</u>			<u>1,197</u>
Total net position	<u>\$ 13,331</u>	<u>\$ 1,197</u>	<u>None</u>	<u>None</u>	<u>\$ 14,528</u>

ELK TOWNSHIP BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Position
Trust Funds
For the Fiscal Year Ended June 30, 2020

	Unemployment Compensation Trust	Scholarship Fund	Total FY 2020
ADDITIONS:			
Contributions:			
Plan member	\$ 7,092		\$ 7,092
Total contributions	7,092		7,092
Investment earnings:			
Interest	29	\$ 3	32
Total additions	7,121	3	7,124
DEDUCTIONS:			
Unemployment claims	2,752		2,752
Total deductions	2,752		2,752
Change in net position	4,369	3	4,372
Net position - beginning	8,962	1,194	10,156
Net position - end	\$ 13,331	\$ 1,197	\$ 14,528

ELK TOWNSHIP BOARD OF EDUCATION
 Student Activity Agency Fund -
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2020

	<u>Balance July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2020</u>
ACTIVITIES:				
Aura School	\$ 15,653	\$ 11,413	\$ 7,738	\$ 19,328

ELK TOWNSHIP BOARD OF EDUCATION
 Payroll Agency Fund -
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2020

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
ASSETS				
Cash and cash equivalents	\$ 656	\$ 2,968,837	\$ 2,934,809	\$ 34,684
Total assets	<u>\$ 656</u>	<u>\$ 2,968,837</u>	<u>\$ 2,934,809</u>	<u>\$ 34,684</u>
LIABILITIES				
Accrued salaries and wages		\$ 1,676,836	\$ 1,676,836	
Payroll deductions and withholdings	656	1,292,001	1,257,973	\$ 34,684
Total liabilities	<u>\$ 656</u>	<u>\$ 2,968,837</u>	<u>\$ 2,934,809</u>	<u>\$ 34,684</u>

LONG-TERM DEBT

ELK TOWNSHIP BOARD OF EDUCATION
 Schedule of Serial Bonds
 June 30, 2020

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2019	Retired	Balance June 30, 2020
			Date	Amount				
Aura School/Grounds Renovations	7/15/08	\$ 1,750,000	7/15/20-21	\$ 130,000	4.250%			
			7/15/22	140,000	4.250%			
			7/15/23	145,000	4.375%	\$ 675,000	\$ 130,000	\$ 545,000

ELK TOWNSHIP BOARD OF EDUCATION
 Schedule of Obligations Under Capital Leases
 For the Fiscal Year Ended June 30, 2020

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance June 30, 2019	Issued	Retired	Balance June 30, 2020
			Principle	Interest					
Access Points/Drops	7/1/15	5 Years	\$ 37,695	\$ 2,887	3.66%	\$ 9,945		\$ 9,945	
Dell Networking	7/1/15	5 Years	18,877	1,446	3.66%	4,982		4,982	
Computers	7/1/16	5 Years	56,408	5,584	4.85%	23,069		11,255	\$ 11,814
Server	7/1/17	5 Years	7,484	718	4.70%	4,483		1,425	3,058
Chromebooks	7/1/17	5 Years	21,932	1,241	5.62%	7,302		7,302	
Dell Networking	7/1/18	5 Years	27,679	2,763	3.94%	22,496		5,297	17,199
Chromebooks	7/1/19	3 Years	29,189	2,312	7.85%		\$ 29,189	19,479	9,710
Optiplex	7/1/19	3 Years	17,339	1,362	3.88%		17,339	5,562	11,777
Chromebooks	7/1/19	3 Years	19,160	1,496	7.74%		19,160	6,885	12,275
Target Cases	7/1/19	3 Years	30,697	2,412	7.79%		30,697	11,036	19,661
						<u>\$ 72,277</u>	<u>\$ 96,385</u>	<u>\$ 83,168</u>	<u>\$ 85,494</u>

ELK TOWNSHIP BOARD OF EDUCATION
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2020

	<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	\$ 90,640		\$ 90,640	\$ 90,640	
State sources:					
Debt service aid type II	65,469		65,469	65,469	
Total revenues	<u>156,109</u>		<u>156,109</u>	<u>156,109</u>	
EXPENDITURES:					
Regular debt service:					
Interest	26,107		26,107	26,106	\$ 1
Redemption of principal	130,000		130,000	130,000	
Total expenditures	<u>156,107</u>		<u>156,107</u>	<u>156,106</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures	2		2	3	1
Fund balance, July 1	2		2	2	
Fund balance, June 30	<u>\$ 4</u>		<u>\$ 4</u>	<u>\$ 5</u>	<u>\$ 1</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.	117-124
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	125-128
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.	129-132
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.	133-134
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.	135-139

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Invested in capital assets, net of related debt	\$ 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	\$ 2,288,249
Restricted	855,910	993,766	878,670	634,209	607,856	1,083,250	1,221,735	1,279,186	1,883,098	2,038,691
Unrestricted	(25,649)	(121,764)	(127,673)	(75,247)	(1,024,838)	(1,028,413)	(1,305,450)	(18,734,340)	(1,446,713)	(1,468,342)
Total governmental activities net position	\$ 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	\$ 2,858,598
Business-type activities:										
Invested in capital assets, net of related debt	\$ 13,230	\$ 17,104	\$ 14,871	\$ 12,999	\$ 11,768	\$ 10,810	\$ 9,851	\$ 8,892	\$ 7,936	\$ 59,341
Unrestricted	31,710	49,483	60,543	113,467	176,712	242,175	291,138	330,992	370,687	482,125
Total governmental activities net position	\$ 44,940	\$ 66,587	\$ 75,414	\$ 126,466	\$ 188,480	\$ 252,985	\$ 300,989	\$ 339,884	\$ 378,623	\$ 541,466
District-wide:										
Invested in capital assets, net of related debt	\$ 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	\$ 2,347,590
Restricted	855,910	993,766	878,670	634,209	607,856	1,083,250	1,221,735	1,279,186	1,883,098	2,038,691
Unrestricted	6,061	(72,281)	(67,130)	38,220	(848,126)	(786,238)	(1,014,312)	(18,403,348)	(1,076,026)	(986,217)
Total district-wide net position	\$ 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	\$ 3,400,064

Source: District records.

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 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	\$ 1,811,193
Special education	506,028	543,727	503,887	548,104	600,813	525,692	495,460	458,884	269,473	224,533
Other special instruction	140,666	114,200	175,643	179,045	162,459	114,304	121,749	121,525	418,304	427,841
Other instruction	12,396	13,379	18,256	32,368	39,615	28,690	27,301	30,637	21,284	15,079
Support services:										
Tuition	236,184	177,061	182,979	206,930	214,315	99,616	185,221	197,509	91,434	249,580
Student & instructional related services	497,486	550,064	587,307	645,071	650,703	606,004	841,573	892,623	851,333	778,942
School administration services	166,393	181,412	177,742	120,174	152,562	124,419	133,198	124,925	140,926	135,505
General & business administrative services	253,659	258,720	259,619	286,205	303,872	251,928	254,681	161,765	136,763	170,018
Plant operations & maintenance	381,382	387,251	336,384	434,181	366,163	355,016	356,323	445,767	462,327	471,990
Pupil transportation	263,367	352,529	460,161	546,722	514,572	433,490	443,715	578,000	466,731	460,127
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	1,953,195
Special schools	1,958									
Capital outlay	3,076	35,409	2,029	72,874	3,130	55,320	30,765	3,130	3,130	118,303
Interest on long-term debt	93,070	68,749	62,950	56,609	50,023	45,674	40,149	34,624	29,100	23,574
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	194,401	190,940	203,407	204,832	204,556	207,714	197,398	207,690	207,766	234,780
Total governmental activities expenses	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	7,076,317
Business-type activities:										
Food service	152,982	164,136	174,829	127,683	121,299	109,097	109,316	118,398	116,547	99,987
Childcare	13,340	10,886	14,222	16,820	16,221	14,375	17,439	21,906	26,221	33,528
Total business-type activities expenses	152,982	175,022	189,051	144,503	137,520	123,472	126,755	140,304	142,768	133,515
Total district-wide expenses	\$ 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	\$ 7,209,832

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program revenues:										
Governmental activities:										
Charges for services	\$ 6,150	\$ 5,921	\$ 5,095	\$ 4,388	\$ 4,046	\$ 3,239	\$ 6,099	\$ 61,930	\$ 40,773	\$ 46,097
Operating grants & contributions	330,028	325,318	277,986	258,464	329,471	285,723	293,375	258,011	280,836	280,195
Total governmental activities program revenues	336,178	331,239	283,081	262,852	333,517	288,962	299,474	319,941	321,609	326,292
Business-type activities:										
Charges for services:										
Food service	57,367	58,327	67,008	47,777	44,284	44,222	42,546	52,219	49,373	30,336
Childcare	21,265	20,976	33,030	37,697	47,701	40,164	64,217	46,276	55,763	39,339
Operating grants & contributions	78,512	84,690	79,779	78,038	75,528	71,372	67,667	80,359	75,393	66,305
Total business-type activities revenues	157,144	163,993	179,817	163,512	167,513	155,758	174,430	178,854	180,529	135,980
Total district program revenues	\$ 493,322	\$ 495,232	\$ 462,898	\$ 426,364	\$ 501,030	\$ 444,720	\$ 473,904	\$ 498,795	\$ 502,138	\$ 462,272
Net (expense)/revenue:										
Governmental activities	\$ (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)	\$ (6,750,025)
Business-type activities	4,162	(11,029)	(9,234)	19,009	29,993	32,286	47,675	38,550	37,761	2,465
Total district-wide net expense	\$ (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)	\$ (6,747,560)
General revenues & other changes in net assets:										
Governmental activities:										
Property taxes levied for general purposes	\$ 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	\$ 3,339,193
Taxes levied for debt service	117,863	119,902	116,539	109,887	106,678	103,469	100,261	97,048	93,848	90,640
Unrestricted grants & contributions	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	3,521,542
Tuition received	290,769	51,320	78,610	115,521	211,209	48,854	93,687	176,453	102,810	80,657
Investment earnings	7,917	9,579	4,832	3,497	2,942	4,349	4,230	5,133	5,612	6,889
Miscellaneous income	11,357	8,264	14,466	59,306	4,003	5,611	153,624	3,223	18,914	2,238
Transfers	(20,000)	(27,000)	(18,000)	(32,000)	(104,501)	(32,000)				
Loss on disposal of assets		(7,249)								(160,000)
Prior year receivable canceled			(994)			(40,453)		(10,526)	(8,229)	
Total governmental activities	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	6,881,159

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type activities:										
Miscellaneous income	75	86	61	43	21	219	329	345	355	378
Prior year canceled payables									623	
Loss on retirement of asset	(1,266)									
Contributed capital - fixed assets	3,279	5,590								
Transfers	20,000	27,000	18,000	32,000	32,000	32,000				160,000
Total business-type activities	22,088	32,676	18,061	32,043	32,021	32,219	329	345	978	160,378
Total district-wide	\$ 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	\$ 7,041,537
Change in net position:										
Governmental activities	\$ 373,929	\$ (1,471)	\$ (66,075)	\$ (273,401)	\$ (68,089)	\$ 429,716	\$ 159,887	\$ (742,968)	\$ 580,871	\$ 131,134
Business-type activities	26,250	21,647	8,827	51,052	62,014	64,505	48,004	38,895	38,739	162,843
Total district-wide	\$ 400,179	\$ 20,176	\$ (57,248)	\$ (222,349)	\$ (6,075)	\$ 494,221	\$ 207,891	\$ (704,073)	\$ 619,610	\$ 293,977

Source: District records.

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund:										
Restricted	\$ 634,430	\$ 889,364	\$ 433,497	\$ 353,780	\$ 354,080	\$ 733,134	\$ 1,087,638	\$ 1,120,083	\$ 1,622,844	\$ 1,940,421
Assigned	292,416	101,020	441,790	277,044	250,391	346,731	130,712	155,723	256,872	94,885
Unassigned	38,812	58,753	35,485	23,420	33,931	4,945	7,438	53,753	18,618	17,894
Total general fund	\$ 965,658	\$ 1,049,137	\$ 910,772	\$ 654,244	\$ 638,402	\$ 1,084,810	\$ 1,225,788	\$ 1,329,559	\$ 1,898,334	\$ 2,053,200
All other governmental funds:										
Restricted										
Debt service fund	\$ 1	\$ 2	\$ 3	\$ 5	\$ 5	\$ 5	\$ 5		\$ 2	\$ 5
Capital projects fund	3,380	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)				
Unreserved, reported in:										
Special revenue fund							(5,409)	(4,161)	(5,069)	(3,857)
Total all other governmental funds	\$ (3,383)	\$ (2,984)	\$ (3,509)	\$ (1,608)	\$ (1,802)	\$ (792)	\$ (2,024)	\$ (781)	\$ (1,687)	\$ (472)

Source: District records.

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Tax levy	\$ 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	\$ 3,429,833
Tuition charges	290,769	51,320	78,610	115,521	211,209	48,854	93,687	176,453	102,810	80,657
Interest earnings	7,917	9,579	4,832	3,497	2,941	4,349	4,230	4,833	5,612	6,889
Miscellaneous	12,683	16,764	16,881	59,306	5,003	5,611	153,624	3,523	18,914	2,238
State sources	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	3,555,407
Federal sources	269,744	342,732	228,675	219,683	307,668	265,142	252,137	221,673	238,299	246,330
Local sources							2,048			
Total revenue	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	7,321,354
Expenditures:										
Instruction:										
Regular instruction	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	1,884,184
Special education instruction	505,759	543,823	506,165	548,144	600,633	524,962	495,595	456,477	271,768	224,173
Other	139,946	131,827	175,468	179,220	161,784	114,972	117,631	120,625	403,431	429,324
School sponsored/other instructional	12,396	13,379	18,256	32,368	39,615	28,690	27,301	30,637	21,284	15,079
Total instruction	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	2,552,760
Undistributed:										
Instruction	236,184	177,061	182,979	206,930	214,315	99,616	185,221	197,509	91,434	249,580
Student & instruction related services	509,291	538,830	598,563	645,071	650,703	606,004	841,573	779,171	801,334	797,724
General administration services	91,632	95,916	109,976	93,308	97,348	99,745	91,473	113,452	89,511	96,384
School administrative services	164,994	169,286	174,873	131,762	146,749	120,350	130,682	124,925	140,926	134,763
Central services	152,695	148,619	151,809	144,840	150,851	112,744	118,573	119,785	104,904	110,997
Administration information technology	6,572	11,393	11,319	48,057	44,547	36,980	47,993	38,557	39,075	55,036
Operations and maintenance	371,307	394,589	375,489	433,960	355,965	347,296	352,605	382,108	419,037	427,197
Student transportation	278,367	367,529	465,300	546,722	514,572	433,490	443,715	578,000	466,731	460,127
Business and other support services:										
Employee benefits	746,908	888,788	831,959	823,054	870,960	895,121	961,932	1,007,808	1,096,211	1,113,061
On-behalf TPAF pension contribution	171,664	234,645	311,781	247,748	299,440	395,770	235,444	315,397	436,533	481,347
On-behalf long-term disability							479	394	279	283
On-behalf TPAF OPEB contribution							196,015	203,708	198,011	178,571
Reimbursed TPAF social security	167,716	162,131	162,343	176,340	152,685	156,410	172,346	162,678	169,561	173,675
Total undistributed	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	4,278,745

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Capital outlay	21,183	54,160	69,984	106,251	19,555	61,830	396,602	47,157	43,120	118,303
Special schools	1,958									
Debt service expenditures:										
Principal	126,000	135,000	135,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Interest	76,984	71,491	65,701	59,256	53,732	48,206	42,681	37,156	31,632	26,106
Total expenditures	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	7,105,914
Excess (deficiency) of revenues over (under) expenditures	456,017	82,538	(119,896)	(292,371)	88,465	519,871	(29,793)	86,124	548,419	215,440
Other financing sources (uses):										
Capital leases (non-budgeted)		28,340					169,539	29,416	27,679	96,384
Prior year receivables canceled					(72,501)	(40,453)		(10,526)	(8,229)	
Transfers out	(20,000)	(27,000)	(19,006)	(32,010)	(32,000)	(32,010)	(10)	(10)	(10)	(160,010)
Transfers in			12	69,754		10		10	10	4,267
Total other financing sources (uses)	(20,000)	1,340	(18,994)	37,744	(104,501)	(72,453)	169,539	18,890	19,450	(59,359)
Net change in fund balance	\$ 436,017	\$ 83,878	\$ (138,890)	\$ (254,627)	\$ (16,036)	\$ 447,418	\$ 139,746	\$ 105,014	\$ 567,869	\$ 156,081
Debt service as a percentage of noncapital expenditures	3.85%	3.63%	3.38%	3.05%	2.90%	3.05%	2.70%	2.50%	2.40%	2.23%

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
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
2020		2,238			2,238
	<u>\$ 37,570</u>	<u>\$ 239,275</u>	<u>\$ 3,096</u>	<u>\$ 2,065</u>	<u>\$ 282,006</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
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
2020	16,957,500	298,289,900	23,295,800	3,658,500	29,711,400	1,189,200		373,102,300	1,208,985	374,251,077	394,366,341	0.934

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	
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
2020	0.909	0.025	0.934	1.060	0.905	0.782	3.681

Source: Municipal Tax Collector.

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

	2020		2011	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Individual Taxpayer 1	6,041,900	1.61%	1,181,300	0.30%
Laux Lakeview Park Inc.	4,139,900	1.11%	4,294,700	1.08%
Aura Investors LLC	3,192,500	0.85%		
SCP 2007-C27, LLC (CVS Caremark)	2,449,900	0.65%	2,000,000	0.50%
Clayton Associates	1,189,200	0.32%	1,223,200	0.31%
Verizon New Jersey	1,148,777	0.31%	1,406,464	0.35%
Copart of Connecticut Inc.	1,102,000	0.29%		
Aura Development Group LLC	1,082,700	0.29%		
Robinson Property Holdings	1,052,200	0.28%		
Paparone at Silver Lake			2,587,200	0.65%
Western Oilfields Supply Co			1,140,600	0.29%
Christy Enterprises LLC	1,029,600	0.28%	1,037,800	0.26%
Silvergate Associates			1,932,500	0.49%
Valley Del Sol			1,844,900	0.46%
	22,428,677	5.99%	18,648,664	4.68%

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	
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%	
2020	3,429,833	3,429,833	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			
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	0.40%	
2019	675,000	72,277	747,277	N/A	
2020	545,000	85,494	630,494	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			
2011	\$ 1,725,000		\$ 1,725,000	0.25%	415
2012	1,590,000		1,590,000	0.63%	385
2013	1,455,000		1,455,000	0.54%	353
2014	1,325,000		1,325,000	0.54%	322
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%	162
2020	545,000		545,000	0.15%	

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, 2020
 Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Township of Elk	\$ 1,745,850	100.00%	\$ 1,745,850
Delsea Regional High School District	9,021,000	22.00%	1,984,620
Gloucester County General Obligation Debt	227,739,500	1.42%	3,233,901
Subtotal, overlapping debt			6,964,371
Township of Elk School District			545,000
Total direct and overlapping debt			<u>\$ 7,509,371</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	
2017	\$ 376,799,855
2018	387,089,777
2019	390,989,792
	<u>\$ 1,154,879,424</u>
Average equalized valuation of taxable property	<u>\$ 384,959,808</u>
Debt limit (2.5% of average equalized value)	\$ 9,623,995
Total net debt applicable to limit	545,000
Legal debt margin	<u>\$ 9,078,995</u>

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 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	\$ 9,623,995
Total net debt applicable to limit	1,725,000	1,590,000	1,455,000	1,325,000	1,195,000	1,065,000	935,000	805,000	675,000	545,000
Legal debt margin	<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>	<u>\$ 9,078,995</u>
Total net debt applicable to the limit as a percentage of debt limit	17.79%	16.44%	15.42%	14.38%	13.20%	11.83%	10.29%	8.71%	7.15%	5.66%

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
2011	4,156	\$ 181,899,808	\$ 43,768	9.3%
2012	4,135	185,640,825	44,895	9.5%
2013	4,119	188,757,294	45,826	9.5%
2014	4,109	194,376,245	47,305	14.9%
2015	4,094	203,209,784	49,636	6.6%
2016	4,098	207,313,722	50,589	4.6%
2017	4,155	218,162,430	52,506	4.7%
2018	4,177	228,669,865	54,745	4.3%
2019	4,173	N/A	N/A	3.6%
2020	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	2020		2011	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
Amazon	4,500	3.01%		
Rowan University	3,500	2.34%	1,300	0.82%
Inspira Health	2,051	1.37%		
Underwood Memorial Hospital			1,825	1.16%
Jefferson Health	2,015	1.35%		
Kennedy Health Alliance			1,200	0.76%
Washington Township School District	1,550	1.04%	1,504	0.95%
Shop Rite	1,300	0.87%		
County of Gloucester	1,200	0.80%	1,500	0.95%
Missa Bay, LLC			950	0.60%
Monroe Township School District	805	0.54%	714	0.45%
U.S. Foodservices	1,014	0.68%	800	0.51%
Walmart-Turnersville	800	0.53%		
Valero			640	0.41%
Goodwin Pumps			640	0.41%
	18,735		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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction:										
Regular	25.6	28.1	26.6	25.8	26.6	27.6	27.0	26.1	25.0	25.0
Special education/other special	8.0	13.2	7.4	9.0	9.4	5.4	5.0	5.6	7.0	7.0
Support services:										
Student & instruction related services	6.0	6.9	7.0	5.0	3.2	7.2	7.2	7.5	6.2	6.2
General administration	1.0	0.1	0.5	0.5	0.3	0.3	0.3	0.3	0.3	0.3
School administrative services	2.0	2.2	1.0	1.0	1.5	1.5	1.5	1.5	1.5	1.5
Business administrative/technology services	2.0	2.0	1.5	1.5	2.0	2.0	2.0	1.0	1.0	1.0
Plant operations & maintenance	13.7	6.5	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0
Food service										
Total	<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>	<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				
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%
2020	320	6,831,505	21,348	14.09%	35	1:9.1	322	309	-7.47%	95.96%

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>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>	<u>2020</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	384	398	388	356	354	347	336	371	352	320

Number of Schools at June 30, 2020
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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Aura School	51,532	\$ 19,770	\$ 46,424	\$ 42,425	\$ 88,851	\$ 46,084	\$ 45,282	\$ 65,557	\$ 84,569	\$ 55,917	\$ 66,905	\$ 561,784

* 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, 2020
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	2,000,000	10,000
 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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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, 2020, 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 January 11, 2021.

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

January 11, 2021

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, 2020. 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, 2020.

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, 2020, and have issued our report thereon dated January 11, 2021, 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

January 11, 2021

ELK TOWNSHIP BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2020

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, 2019	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balances at June 30, 2020			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	2005NJSMAP	N/A	\$ 3,451	7/1/19	6/30/20			\$ 3,451	\$ (3,451)						\$ 3,451
Medicaid Administrative Claiming - MAC	93.778	2005NJSMAP	N/A	2,461	7/1/19	6/30/20			2,461	(2,461)						2,461
Total General Fund									5,912	(5,912)						5,912
U.S. Department of Education																
Passed-through State Department of Education:																
Special Revenue Fund:																
Title I, Part A	84.010	S010A160030	ESEA133020	99,089	7/1/19	6/30/20			31,362	(99,089)		\$ (67,727)				99,089
Title I, Part A	84.010	S010A160030	ESEA133019	102,847	7/1/18	6/30/19	\$ (40,058)		40,058							99,174
Subtotal							(40,058)		71,420	(99,089)		(67,727)				198,263
Special Education Cluster																
IDEA Part B, Basic Regular	84.027	H027A160100	FT133020	102,068	7/1/19	6/30/20				(102,068)		(102,068)				102,068
IDEA Part B, Preschool	84.173	H173A160114	FT133020	2,900	7/1/19	6/30/20			2,900	(2,900)						2,900
IDEA Part B, Preschool	84.173	H173A160114	FT133019	2,918	7/1/18	6/30/19	(2,918)		2,918							2,918
Total Special Education Cluster							(2,918)		5,818	(104,968)		(102,068)				107,886
Title II Part A	84.367	S367A160029	ESEA133020	21,727	7/1/19	6/30/20			5,127	(16,102)		(10,975)				16,102
Title II Part A	84.367	S367A160029	ESEA133019	25,622	7/1/18	6/30/19	(15,521)		15,521							22,422
							(15,521)		20,648	(16,102)		(10,975)				38,524
Title III	84.365	S365A150030	ESEA280020	555	7/1/19	6/30/20			539	(555)		(16)				555
CARES Emergency Relief	84.425	S425D200027		75,970	7/1/19	6/30/20				(50)		(50)				50
Safe and Drug-Free Schools and Communities	84.184	S184G190252		4,768	7/1/19	6/30/20			1,027	(4,768)		(3,741)				4,768
Rural Education Achievement Program	84.358	S358A141526	S358A141526	28,111	7/1/19	6/30/20			14,828	(14,886)		(58)				14,886
Rural Education Achievement Program	84.358	S358A141526	S358A141526	28,111	7/1/18	6/30/19	(810)		810							810
							(810)		15,638	(14,886)		(58)				15,696
Total Special Revenue Fund							(59,307)		115,090	(240,418)		(184,635)				365,742
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	14,513	7/1/19	6/30/20			12,439	(8,652)			\$ 3,787			8,652
Food Distribution Program	10.550	N/A	N/A	10,278	7/1/18	6/30/19	1,713			(1,713)						10,278
School Breakfast Program	10.553	201NJ304N1099	N/A	6,723	7/1/19	6/30/20			6,723	(6,723)						6,723
School Breakfast Program	10.553	191NJ304N1099	N/A	10,777	7/1/18	6/30/19	(2,149)		2,149							10,777
National School Lunch Program	10.555	201NJ304N1099	N/A	45,713	7/1/19	6/30/20			42,587	(45,713)		(3,126)				45,713
National School Lunch Program	10.555	191NJ304N1099	N/A	51,922	7/1/18	6/30/19	(10,359)		10,359							51,922
Special Milk Program	10.556	201NJ304N1099	N/A	494	7/1/19	6/30/20			494	(494)						494
Special Milk Program	10.556	191NJ304N1099	N/A	425	7/1/18	6/30/19	(71)		71							425
Total Enterprise Fund/Child Nutrition Cluster							(10,866)		74,822	(63,295)		(3,126)	3,787			134,984
Total Federal Financial Awards							\$ (70,173)		\$ 195,824	\$ (309,625)		\$ (187,761)	\$ 3,787			\$ 506,638

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, 2020

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2019			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Years' Balances	Balance June 30, 2020			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	20-100-034-5120-473	\$ 72,214	7/1/19	6/30/20					\$ (72,214)		\$ (72,214)				\$ 72,214
Extraordinary Aid	19-100-034-5120-473	70,197	7/1/18	6/30/19	\$ (70,197)		\$ 70,197								70,197
State Aid Public:															
Categorical Special Education Aid	20-495-034-5120-089	195,091	7/1/19	6/30/20			195,091	(195,091)						\$ 19,509	195,091
Equalization Aid	20-495-034-5120-078	1,989,915	7/1/19	6/30/20			1,989,915	(1,989,915)						190,398	1,989,915
Categorical Security Aid	20-495-034-5120-084	66,201	7/1/19	6/30/20			66,201	(66,201)						6,620	66,201
School Choice Aid	20-495-034-5120-068	143,759	7/1/19	6/30/20			143,759	(143,759)						14,376	143,759
Categorical Transportation Aid	20-495-034-5120-014	148,655	7/1/19	6/30/20			148,655	(148,655)						14,866	148,655
Reimbursement of Nonpublic Transportation	N/A	1,450	7/1/19	6/30/20							(1,450)				1,450
Reimbursement of Nonpublic Transportation	N/A	3,190	7/1/18	6/30/19	(3,190)		3,190								3,190
On-behalf TPAF Pension Contribution	20-495-034-5094-002	481,347	7/1/19	6/30/20			481,347	(481,347)							481,347
On-behalf TPAF Postretirement Contribution	20-495-034-5094-001	178,571	7/1/19	6/30/20			178,571	(178,571)							178,571
On-behalf TPAF Long Term Disability Insurance	20-495-034-5094-004	283	7/1/19	6/30/20			283	(283)							283
Reimbursed TPAF Social Security Aid	20-495-034-5094-003	173,675	7/1/19	6/30/20			165,015	(173,675)			(8,660)				173,675
Reimbursed TPAF Social Security Aid	19-495-034-5094-003	169,561	7/1/18	6/30/19	(8,184)		8,184								169,561
Total General Fund					(81,571)		3,450,408	(3,451,161)			(82,324)			245,769	3,694,109
Special Revenue Fund:															
Preschool Education Act	20-495-034-5120-086	38,565	7/1/19	6/30/20			38,565	(38,565)						3,857	38,565
Total Special Revenue Fund							38,565	(38,565)						3,857	38,565
Debt Services Fund:															
Debt Service Aid Type II	20-495-034-5120-017	65,469	7/1/19	6/30/20			65,469	(65,469)							65,469
Total Debt Service Fund							65,469	(65,469)							65,469
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	20-100-010-3350-023	936	7/1/19	6/30/20			887	(936)			(49)				936
National School Lunch Program (State Share)	19-100-010-3350-023	1,263	7/1/18	6/30/19	(329)		329								1,263
Total Enterprise Fund					(329)		1,216	(936)			(49)				2,199
Total State Financial Assistance					\$ (81,900)		\$ 3,555,658	\$ (3,556,131)			\$ (82,373)			\$ 249,626	\$ 3,800,342
Less: On-Behalf TPAF Pension System Contributions															\$ (660,201)
Total for State Financial Assistance - Major Program Determination															\$ (2,895,930)

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, 2020

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 \$1,000 for the General Fund and \$1,212 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, 2020

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

	Federal	State	Total
General Fund	\$ 5,912	\$ 3,450,161	\$ 3,456,073
Special Revenue Fund	240,418	39,777	280,195
Debt Service Fund		65,469	65,469
Food Service Fund	65,369	936	66,305
Total Financial Assistance	<u>\$ 311,699</u>	<u>\$ 3,556,343</u>	<u>\$ 3,868,042</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, 2020, Elk Township School District has food commodities totaling \$3,787 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, 2020. 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, 2020.

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, 2020

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to basic financial statements noted? Yes X No

Federal Awards **N/A**

Internal control over major programs:

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

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

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

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

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

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

Auditee qualified as low-risk auditee? Yes No

ELK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020

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, 2020

Status of Prior Year Finding

N/A

Findings:

N/A

Condition:

N/A

Current Status:

N/A