

Elk Township Board of Education
Comprehensive Annual Financial Report
For the Year Ended June 30, 2010

**SCHOOL DISTRICT
OF
ELK TOWNSHIP, NEW JERSEY**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Elk Township Board of Education
Aura, New Jersey

For the Fiscal Year Ended June 30, 2010

Prepared by:

Elk Township Board of Education Administration

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INTRODUCTORY SECTION

BOARD OF EDUCATION OF ELK TOWNSHIP

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Glassboro, New Jersey 08028
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EDWIN D. PEARSON
PRESIDENT

KATHY A. MASTRAN
BUSINESS ADMINISTRATOR
BOARD SECRETARY

FRANK D. BORELLI
SUPERINTENDENT

September 16, 2010

Honorable President and
Members of the Board of Education
Elk Township School District
Gloucester County, New Jersey

Dear Board Members and Constituents:

The comprehensive annual financial report of the Elk Township School District for the fiscal year ended June 30, 2010, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections:

- The Introductory Section contains a table of contents, letter of transmittal, list of principal officials, and an organizational chart of the District;
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the basic financial statements, and notes providing an overview of the District's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis;
- The Single Audit Section – The District is required to undergo an annual audit in conformity with the provisions of the Single Audit Act of 1986, as amended, the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the New Jersey OMB Circular 04-04, 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 youngsters. The District completed the 2009-10 fiscal year with an average daily enrollment of 387 students, which is 10 students more than the previous year's enrollment.

The teaching staff consists of approximately forty-two faculty members, plus nine instructional classroom aides. The District's administrative structure includes a shared superintendent, a shared business administrator, and a district supervisor responsible for the child study team, curriculum, and technology. 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 create a nurturing community of life long learners who are socially responsible thinkers that embrace cultural diversity. The District's instructional strategies and processes support the achievement of the New Jersey Core Curriculum Content Standards for all students. When students complete their elementary education in the District, they will have the foundations needed in their journey to becoming 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 pullout program is provided to students in grades four through six. Identified students in grades kindergarten through three are provided with in-class activities.

A strong basic skills curriculum in reading and math is available for students who are identified based on their standardized test scores and/or teacher recommendation. The District employs four basic skills teachers whose purpose is to ensure that the students receive a remedial program appropriate to their needs. After school tutoring is provided to at-risk students.

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

All pre-kindergarten through sixth grade students receive a program designed to enlighten their skills in language arts, math, science, social studies, health/physical education, library, music, foreign language and computer technology. Students receive ninety minutes of instructional time daily in language arts, sixty minutes in mathematics and forty-five minutes in science and social studies. Spanish, library, art, music, physical education, and computer take place weekly.

2) ECONOMIC CONDITION AND OUTLOOK:

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

Elk Township currently consists of one school building. The original building was constructed in 1927 with additions added 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 fourth. Our fifth and sixth grades are departmentalized in all subject areas with team teaching taking place for at-risk students. Reading Recovery is used to provide individualized instruction to first grade students that are experiencing difficulty in learning to read and write. Everyday Math is used in all grades with Connected Math also used in fifth and sixth grades.

Technology

Technology in the Elk Township School District is viewed as critical to school reform because of its capacity to support improvement in the educational process. Interaction via email, facsimile, a school wide network, video conferencing, and research using the Internet, leads to problem solving and is revolutionizing the way our 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 four computers in each classroom, a computer lab consisting of thirty-one machines, and three wireless laptop carts.

The Arts

The District offers chorus, and beginning and advanced band. Concerts take place semi-annually. There is an annual family math night, literacy night, and a family trunk or treat night.

Professional Development

The District participates with Delsea Regional School District and Franklin Township 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.

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 principals (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.

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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at year end.

6) ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds 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 related OMB Circular A-133 and New Jersey OMB's Circular 04-04. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

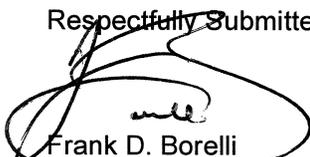
11) AWARDS – EDUCATIONAL:

Sixth grade Elk Township students participated in the Coriell Institute Science Fair. Students received first and third places, in the Earth/Space and Chemistry competition.

12) ACKNOWLEDGMENTS:

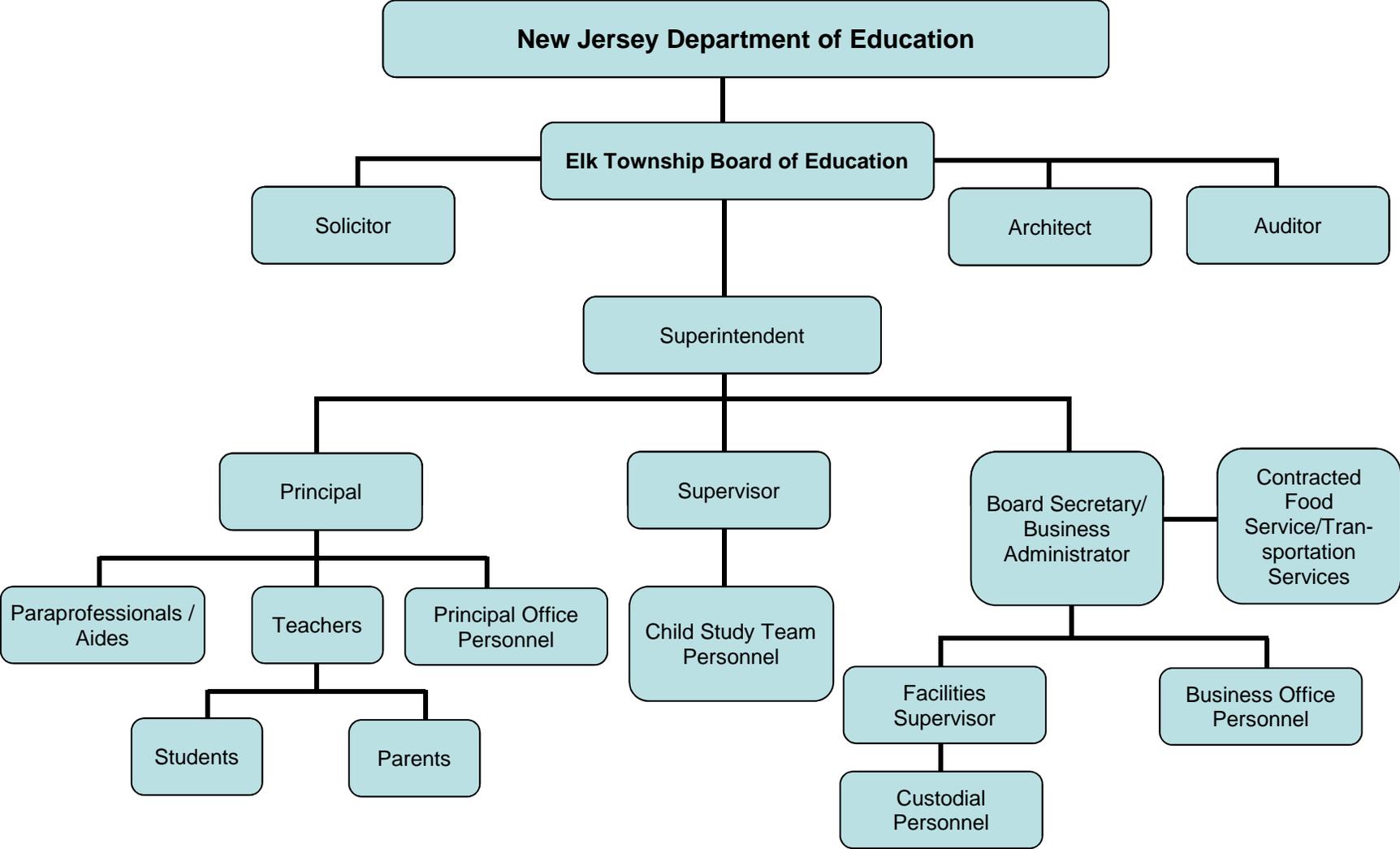
We would like to express our appreciation to the members of the Elk Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully Submitted,


Frank D. Borelli
Superintendent


Kathy A. Mastran, CPA
Business Administrator/Board Secretary

ELK TOWNSHIP SCHOOL DISTRICT ADMINISTRATIVE STAFF ORGANIZATION



**ELK TOWNSHIP BOARD OF EDUCATION
Aura, NJ**

**ROSTER OF OFFICIALS
June 30, 2010**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>Term Expires</u>
Edwin D. Pearson, President	2011
Thomas J. Carrocino, Vice President	2011
Jessica J. Dadak	2012
Carla Hoffman	2012
J. Wilson Hughes, Jr.	2012
Karen Myers	2013
Cheryl L. Potter	2011
Jennifer Wirtz	2013

OTHER OFFICIALS

Frank D. Borelli, Superintendent
Kathy A. Mastran, CPA, Business Administrator/Board Secretary
Stephen Considine, Treasurer
Wayne A. Streitz, Esq., Solicitor

**ELK TOWNSHIP BOARD OF EDUCATION
Aura, NJ**

CONSULTANTS AND ADVISORS

ARCHITECTS

Wayne A. Neville, A.I.A.
430 Commerce Lane, Suite C
West Berlin, NJ 08091

AUDIT FIRM

Petroni & Associates LLC
21 W. High Street
Glassboro, NJ 08028

ATTORNEY

Wayne A. Streitz, Esq.
10 Pitman Avenue
Pitman, NJ 08071

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
21 W. High Street • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Elk Township School District
County of Gloucester, New Jersey

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 year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Elk Township Board of Education's management. Our responsibility is to express an opinion 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, in the County of Gloucester, State of New Jersey, as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2010 on our consideration of the Elk Township Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements (see outline of CAFR for page numbers). Such information, although not a part of the basic financial statements, is required by the Government 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 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 statement, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Elk Township Board of Education's financial statements taken as a whole. The introductory section, combining and individual fund financial statements, long-term debt schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are also not a required part of the financial statements. The combining and individual fund financial statements and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section and statistical sections have not been subjected 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.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542

September 16, 2010

Required Supplementary Information – Part I

**Elk Township Board of Education
Aura, NJ**

**Management's Discussion & Analysis
Fiscal Year ended June 30, 2010
Unaudited**

The District's management discussion and analysis of financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2010. The intent of the discussion and analysis is to look at the District's financial performance as a whole. Interested parties should review the basic financial statements and notes in concert with this document in order to enhance and clarify their understanding of the finances of the District.

The Management's Discussion and Analysis (MD&A) is a relatively new element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June 1999. Certain comparative information between the current year (2009-2010) and the prior year (2008-2009) is required to be present in the MD& A. 2003-2004 was the first year for implementation of the new reporting model contained in GASB Statement No. 34, and all comparative data is based from that year.

Financial Areas of Interest

Key financial highlights for 2010 are as follows:

- In total, net assets decreased \$231,831, which represents a 7.8% decrease from fiscal year 2009.
- General revenues accounted for \$5,184,075 in revenue or 90.6% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$537,742 or 9.4% of total revenues of \$5,626,851.
- The District had \$5,953,648 in expenses; only \$537,742 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and state aid) of \$5,184,075 were adequate to provide for these programs.
- Among governmental funds, the General Fund, the District's most significant fund, had \$4,774,007 in revenues and \$5,138,933 in expenditures. The fund balance for the General Fund decreased \$397,853 over fiscal year 2009. This decrease was not anticipated by the Board of Education, and was primarily the result of a withholding of State aid during the fiscal year. Executive Order No. 14 was signed by the Governor on February 11, 2010 authorizing the withholding of State aid due to the State fiscal crisis.

**Elk Township Board of Education
Aura, NJ**

**Management's Discussion & Analysis
Fiscal Year ended June 30, 2010
Unaudited**

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 Assets 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 Assets 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 2009-2010?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector businesses. These bases of accounting take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets 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 Assets 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 activity.

**Elk Township Board of Education
Aura, NJ**

**Management's Discussion & Analysis
Fiscal Year ended June 30, 2010
Unaudited**

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 Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

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 Assets provides the perspective of the School District as a whole. Net assets may serve over time as a useful indicator of a government's financial position.

**Elk Township Board of Education
Aura, NJ**

**Management's Discussion & Analysis
Fiscal Year ended June 30, 2010
Unaudited**

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 assets for fiscal years 2009 and 2010.

Table 1

	Elk Township School District's Net Assets					
	<u>Governmental</u>		<u>Business-</u>		<u>School</u>	<u>School</u>
	<u>Activities</u>	<u>Type</u>	<u>Activities</u>	<u>Type</u>	<u>District</u>	<u>District</u>
	2009		2010		2009	2010
Assets						
Current and Other Assets	\$ 1,292,602	\$ 20,443	\$ 589,328	\$ 27,500	\$ 1,313,045	\$ 616,828
Capital Assets	4,066,421	8,841	4,170,560	7,431	4,075,262	4,177,991
Total Assets	5,359,023	29,284	4,759,888	34,931	5,388,307	4,794,819
Liabilities						
Long-term liabilities	2,007,819		1,809,934		2,007,819	1,809,934
Other liabilities	420,693	664	254,684	2,901	421,357	257,585
Total liabilities	2,428,512	664	2,064,618	2,901	2,429,176	2,067,519
Net Assets						
Invested in Capital Assets, Net of Related Debt	1,809,749	8,841	2,289,560	7,431	1,818,590	2,296,991
Restricted	1,157,263		481,780		1,157,263	481,780
Unrestricted	(36,501)	19,779	(76,070)	24,599	(16,722)	(51,471)
Total net assets	\$ 2,930,511	\$ 28,620	\$ 2,695,270	\$ 32,030	\$ 2,959,131	\$ 2,727,300

The District's combined net assets were \$2,727,300 on June 30, 2010. This was a 7.8% decrease from the prior year.

Total assets decreased \$593,488. There was a decrease in current and other assets due mainly to the withholding of state aid and an increase in capital assets due to the completion of a bonded capital project.

Total liabilities decreased \$361,657 due mainly to a decrease in bonds payable.

**Elk Township Board of Education
Aura, NJ**

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Table 2 shows changes in net assets for fiscal years 2009 and 2010.

Table 2

**Elk Township School District's
Changes in Net Assets**

	Governmental Activities 2009	Business- Type Activities 2009	Governmental Activities 2010	Business- Type Activities 2010	Total 2009	Total 2010
Revenues						
Program Revenues						
Charges for services	\$ 23,936	\$ 66,763	\$ 33,296	\$ 61,670	\$ 90,699	\$ 94,966
Operating grants and contributions	326,873	68,888	365,988	76,788	395,761	442,776
General Revenues						
Property taxes	2,171,193		2,327,311		2,171,193	2,327,311
Federal and state aid not restricted	2,900,211		2,708,106		2,900,211	2,708,106
Other	94,508	141	148,608	50	94,649	148,658
Total Revenue	<u>5,516,721</u>	<u>135,792</u>	<u>5,583,309</u>	<u>138,508</u>	<u>5,652,513</u>	<u>5,721,817</u>
Expenses						
Instruction	3,179,341		3,558,947		3,179,341	3,558,947
Student support services	660,251		710,587		660,251	710,587
School administration	250,464		233,479		250,464	233,479
General & bus. administration	338,441		325,861		338,441	325,861
Plant operations & maintenance	473,721		481,198		473,721	481,198
Pupil transportation	347,231		340,483		347,231	340,483
Special schools	6,869				6,869	-
Food service	-	177,622	-	169,098	177,622	169,098
Unallocated depreciation	36,157		64,941		36,157	64,941
Other	90,783		69,054		90,783	69,054
Total Expenses	<u>5,383,258</u>	<u>177,622</u>	<u>5,784,550</u>	<u>169,098</u>	<u>5,560,880</u>	<u>5,953,648</u>
Transfers	(41,000)	41,000	(34,000)	34,000		
Extraordinary/special item	184,756				184,756	-
Increase (Decrease) in Net Assets	<u>\$ 277,219</u>	<u>\$ (830)</u>	<u>\$ (235,241)</u>	<u>\$ 3,410</u>	<u>\$ 276,389</u>	<u>\$ (231,831)</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.

**Elk Township Board of Education
Aura, NJ**

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Unaudited**

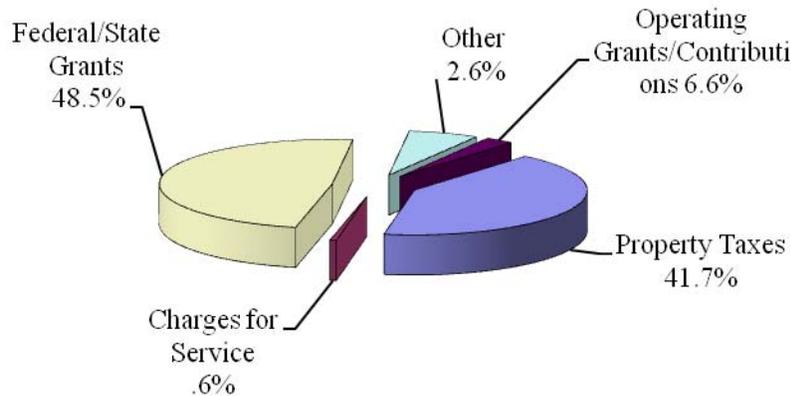
There was an increase in property taxes of \$156,118. The unique nature of property taxes in New Jersey creates the legal requirements to annually seek voter approval for the District budget and related tax levy. The 2009-10 budget was defeated by the voters. In accordance with state law, defeated budgets are reviewed by the municipality within which the student population resides, and budget cuts are recommended. Based on the outcome of this process, the original budgeted tax levy was not reduced by the Elk Township Municipal Government. The 2010-11 budget was also defeated by the voters in April of 2010. The original budgeted tax levy for the 2010-11 budget was reduced by \$61,200.

Governmental Activities

The District's total revenues for governmental activities were \$5,550,013 for the year ended June 30, 2010. Federal and state aid accounted for 48.5% of revenues. Property taxes made up 41.7% of revenues for governmental activities.

Table 1

Sources of Revenue for Fiscal Year 2010



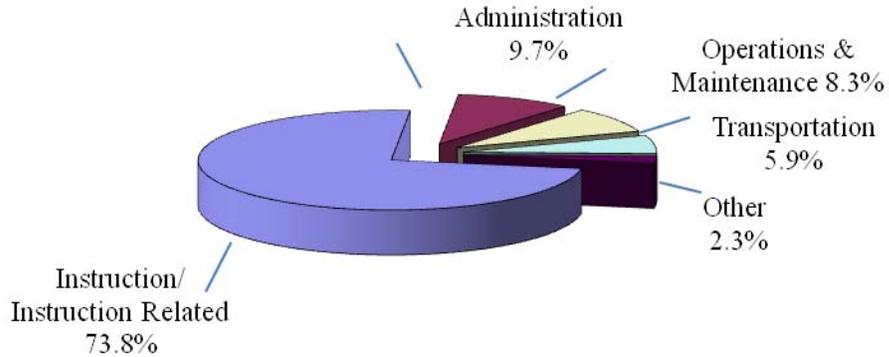
The total cost of all programs and services was \$6,242,730. Instruction and instruction related activities account for 73.8% of District expenses.

**Elk Township Board of Education
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Table 2

Expenses for Fiscal Year 2010



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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Table 3

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2010	Net Cost of Services 2010
Instruction	\$ 3,179,341	\$ 2,939,744	\$ 3,558,947	\$ 3,277,407
Support Services:				
Pupils and instructional staff	660,251	550,809	710,587	600,264
School administration	250,464	250,464	233,479	233,479
General & business admin.	338,441	338,441	325,861	325,861
Plant operations & maintenance	473,721	471,951	481,198	473,777
Pupil transportation	347,231	347,231	340,483	340,483
Other	133,809	133,809	133,995	133,995
Total Expenses	<u>\$ 5,383,258</u>	<u>\$ 5,032,449</u>	<u>\$ 5,784,550</u>	<u>\$ 5,385,266</u>

Of the \$5,784,550 total cost of services for fiscal year 2010, \$5,385,266 is for activities which are not self-supporting, and are supported by tax revenue and unrestricted aid.

Business-Type Activities

Business-type activities include the food service operation. This program had revenues of \$172,508 and expenses of \$169,098 for fiscal year 2010. The District received 44.5% 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. The Food Service Fund also received a transfer from the General Fund in the amount of \$34,000 to eliminate a deficit in the program. Because program revenues are not adequate to cover the cost of running the food service program, the Board of Education elected to raise the prices of student and adult lunches for fiscal year 2010.

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 \$5,550,013 and expenditures were \$6,242,730. 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, 2010, 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 can not be compared to the prior year.

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Table 4

Revenue	Amount	Percent of Total	Increase (Decrease) from 2009	Percent of Increase (Decrease)
Local sources	\$ 2,475,399	44.61%	\$ 201,371	8.86%
State sources	2,436,874	43.92%	(529,504)	-17.85%
Federal sources	636,667	11.47%	376,461	144.68%
	<u>\$ 5,548,940</u>	<u>100.00%</u>	<u>\$ 48,328</u>	0.88%

The increase in federal sources is due mainly to the receipt of ARRA Federal Stimulus funds. The decrease in state sources is the result of a withholding of state aid equal to the amount of audited excess surplus from the prior year, which was reserved for tax relief for the 2010-11 fiscal year, plus 25% of the balance in the capital reserve account.

The following schedule presents a summary of General Fund, Special Revenue Fund, and Debt Service Fund expenditures for the fiscal year ended June 30, 2010, and the amount and percentage of increases and decreases in relation to prior year expenditures.

Table 5

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2009	Percent of Increase (Decrease)
Current expense:				
Instruction	\$ 2,359,037	39.89%	\$ 163,293	7.44%
Undistributed	3,127,653	52.88%	255,830	8.91%
Debt Service	408,945	6.91%	99,059	31.97%
Capital Outlay	18,450	0.31%	(6,203)	-25.16%
	<u>\$ 5,914,085</u>	<u>100.00%</u>	<u>\$ 511,979</u>	9.48%

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.

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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.

For the General Fund, total revenues, on the budget basis, were \$4,409,474 (after elimination of \$365,348 in reimbursed TPAF pension and social security contributions). The State contribution for TPAF members for pension and social security is neither a revenue item nor 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 a decrease of \$350,954 over the final budget amount. This was mainly due to the unanticipated decrease in state aid during the school year caused by the decision of the state to withhold state aid from all school districts in the amount of prior year excess surplus plus 25% of reserve balances.

Total expenditures, on the budget basis, (after elimination of the reimbursed TPAF and social security contribution) were \$4,773,585. Expenditures were \$326,253 less than the final budget amount. The final budget includes amounts encumbered in the prior year to be expended in the current year. Expenditures were less than anticipated due to tight budgetary controls.

Capital Assets

At the end of fiscal year 2010, the School District had \$4,170,560, invested in land, buildings, and machinery and equipment. Table 6 shows fiscal year 2010 balances compared to 2009.

**Table 6
Capital Assets (Net of Depreciation)**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2009	2010	2009	2010	2009	2010
Land and improvements	\$ 57,772	\$ 374,796			\$ 57,772	\$ 374,796
Buildings and improvements	3,849,172	3,614,974			3,849,172	3,614,974
Machinery and equipment	159,477	180,790	8,841	7,431	168,318	188,221
Total	\$ 4,066,421	\$ 4,170,560	\$ 8,841	\$ 7,431	\$ 4,075,262	\$ 4,177,991

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Debt Administration

At June 30, 2010, the School District had \$2,003,963 of outstanding debt. Of this amount, \$122,963 is for compensated absences; \$30,000 for a capital lease and \$1,851,000 for bonds payable. The District continues to pay down its debt, decreasing bonds and capital leases \$300,000 in fiscal year 2010. There was no new debt issued during the year.

**Table 7
Outstanding Debt at Year End**

	<u>2009</u>	<u>2010</u>
2004 general obligation bonds	\$ 255,000	
2006 general obligation bonds	131,000	\$ 101,000
2008 general obligation bonds	1,750,000	1,750,000
2006 capital lease	45,000	30,000
Compensated absences payable	<u>155,409</u>	<u>122,963</u>
 Total	 <u><u>\$ 2,336,409</u></u>	 <u><u>\$ 2,003,963</u></u>

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.

Elk Township is a rural community, with very little industry, thus the burden of tax increases is born by the homeowners. A major concern is the continued increase in the costs of operating the District with a decrease increase in State aid. The voters defeated the 2009-10 budget in April 2009, and also defeated the 2010-11 budget in April of 2010.

Maintenance of the school building is a priority of the District. The District successfully passed a bond referendum in March of 2008 for renovation/repairs of the existing facility in the amount of \$1,750,000. The project includes roof repairs, electrical and HVAC renovations, removal of asbestos tiles and replacement of carpeting, bathroom and library renovations, and site improvements.

The District has experienced a decrease in enrollment over the past five years, but the District could experience an increase in the future. Housing projects have been approved in the Township on land that was previously used for agricultural purposes. A drastic increase in the growth rate would necessitate an expansion of existing facilities, or the construction of a new facility.

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The District continues to investigate and implement shared service agreements to decrease costs while providing quality services. Recently the District signed shared service agreements with the constituent high school district for the provision of numerous services including superintendent, business administrator, transportation, child study team, technology and purchasing services. Through a committee of the Board, meetings are being held with the regional high school district and constituent elementary district to discuss additional opportunities for the sharing of services and personnel. The areas of concentration have been suggested by the Executive County Superintendent, who by law has been charged with the task of studying and assisting the School District in consolidating administrative services. The suggested areas are curriculum, transportation, child study team services, and maintenance of facilities.

The ability of the District to continue as a separate entity may be in jeopardy based on laws that were recently passed by the legislature. The law mandates the submission of a plan by the Executive County Superintendent, within a three year period, to consolidate local public school districts within the county into comprehensive consolidated or regional school districts, with a focus on the consolidation of limited purpose regional school districts with the local public school districts of the constituent municipalities. The plan was submitted by the Executive County Superintendent in March of 2010 and indicated a full purpose regional school district comprised of the municipalities of Franklin, Elk, Newfield, and possibly Clayton, would be advantageous. The ultimate decision to create a full purpose regional school district and eliminate the constituent elementary districts resides with the taxpayers of the affected municipalities.

Subsequent to the release of the regionalization/consolidation plan by the Executive County Superintendent, the Franklin Township School District, which, along with Elk Township School District, comprise the Delsea Regional High School District, presented in June, 2010 the results of a feasibility study conducted by the Franklin Township School District. Of the options discussed in the study, the Franklin Township School District made the decision to endorse the option of withdrawing from the Delsea Regional High School District, and passed a resolution to that effect. In accordance with law, the resolution was forwarded to the Executive County Superintendent for review. Based on the review of the Executive County Superintendent, a recommendation will be made to the Commissioner of Education, who has the authority to authorize a question to be submitted to the voters in the municipalities of Franklin and Elk to allow the withdraw of Franklin from the Delsea Regional High School District. Because there are only two districts that comprise the regional district, a withdraw of Franklin would be a defacto dissolution of the regional district. The Elk Township School District passed a resolution and forwarded it to the Commissioner of Education protesting the withdraw of Franklin based on this fact.

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.

**Elk Township Board of Education
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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 Frank D. Borelli, Superintendent, or Kathy A. Mastran., Business Administrator/Board Secretary at the address below or visit our web-site at www.elk.k12.nj.us.

Elk Township Board of Education
98 Unionville Road
Glassboro, New Jersey 08028
(856) 881-6889

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Net Assets
June 30, 2010

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	190,415	10,634	201,049
Receivables, net	182,566	13,236	195,802
Inventory		3,630	3,630
Restricted assets:			
Cash and cash equivalents	23,032		23,032
Capital reserve account - cash	171,776		171,776
Deferred bond issuance costs, net	21,539		21,539
Other capital assets, net (Note 6)	4,170,560	7,431	4,177,991
Total Assets	<u>4,759,888</u>	<u>34,931</u>	<u>4,794,819</u>
<u>LIABILITIES</u>			
Accounts payable	33,181	1,198	34,379
Accrued interest payable	19,124		19,124
Deferred revenue	747	1,703	2,450
Interfund payable	7,603		7,603
Noncurrent liabilities:			
Due within one year	194,029		194,029
Due beyond one year	1,809,934		1,809,934
Total liabilities	<u>2,064,618</u>	<u>2,901</u>	<u>2,067,519</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related deb	2,289,560	7,431	2,296,991
Restricted for:			
Debt service	1		1
Capital projects	190,715		190,715
Other purposes	291,064		291,064
Unrestricted	(76,070)	24,599	(51,471)
Total net assets	<u><u>2,695,270</u></u>	<u><u>32,030</u></u>	<u><u>2,727,300</u></u>

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Activities
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
Instruction:							
Regular	2,416,307		77,327		(2,338,980)		(2,338,980)
Special education	471,806		84,919		(386,887)		(386,887)
Other special instruction	473,059		119,294		(353,765)		(353,765)
Other instruction	8,065				(8,065)		(8,065)
Support services:							
Tuition	189,710				(189,710)		(189,710)
Student & instructional related services	710,587	26,375	83,948		(600,264)		(600,264)
School administrative services	233,479				(233,479)		(233,479)
General & business administrative services	325,861				(325,861)		(325,861)
Plant operations & maintenance	481,198	6,921	500		(473,777)		(473,777)
Pupil transportation	340,483				(340,483)		(340,483)
Interest on long-term debt	67,397				(67,397)		(67,397)
Amortization of bond issuance costs	1,657				(1,657)		(1,657)
Unallocated depreciation	64,941				(64,941)		(64,941)
Total governmental activities	<u>5,784,550</u>	<u>33,296</u>	<u>365,988</u>		<u>(5,385,266)</u>		<u>(5,385,266)</u>
Business-type activities:							
Food Service	169,098	61,670	76,788			(30,640)	(30,640)
Total business-type activities	<u>169,098</u>	<u>61,670</u>	<u>76,788</u>			<u>(30,640)</u>	<u>(30,640)</u>
Total primary government	<u>5,953,648</u>	<u>94,966</u>	<u>442,776</u>		<u>(5,385,266)</u>	<u>(30,640)</u>	<u>(5,415,906)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					2,103,308		2,103,308
Taxes levied for debt service					224,003		224,003
Federal and State aid not restricted					2,708,106		2,708,106
Tuition received					127,022		127,022
Investment earnings					7,305	50	7,355
Miscellaneous Income					14,281		14,281
Transfers					(34,000)	34,000	
Total general revenues, special items, extraordinary items and transfers					<u>5,150,025</u>	<u>34,050</u>	<u>5,184,075</u>
Change in Net Assets					(235,241)	3,410	(231,831)
Net Assets - beginning					<u>2,930,511</u>	<u>28,620</u>	<u>2,959,131</u>
Net Assets - end					<u>2,695,270</u>	<u>32,030</u>	<u>2,727,300</u>

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

ELK TOWNSHIP BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	190,414			1	190,415
Receivables from other governments	104,602	61,282			165,884
Other Receivables	1,245				1,245
Interfund accounts receivable	83,809				83,809
Restricted cash and cash equivalents	171,776		23,032		194,808
Total Assets	<u>551,846</u>	<u>61,282</u>	<u>23,032</u>	<u>1</u>	<u>636,161</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	30,161		3,020		33,181
Interfund accounts payable	7,603	67,299	1,073		75,975
Deferred revenue		747			747
Total liabilities	<u>37,764</u>	<u>68,046</u>	<u>4,093</u>		<u>109,903</u>
Fund Balances:					
Reserved for:					
Encumbrances	41,109		7,500		48,609
Capital reserve account	171,776				171,776
Excess surplus - designated for subsequent year's expenditures	285,869				285,869
Excess surplus	5,195				5,195
Unreserved, reported in:					
General Fund:					
Undesignated	6,702				6,702
Designated for subsequent year's expenditures	3,431				3,431
Special Revenue Fund		(6,764)			(6,764)
Debt Service Fund				1	1
Capital Projects Fund			11,439		11,439
Total fund balances	<u>514,082</u>	<u>(6,764)</u>	<u>18,939</u>	<u>1</u>	<u>526,258</u>
Total liabilities and fund balances	<u>551,846</u>	<u>61,282</u>	<u>23,032</u>	<u>1</u>	

Amounts reported for governmental activities in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$6,9735,511 and the accumulated depreciation is \$2,802,951 (See Note 6).

4,170,560

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 7).

(2,003,963)

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 assets. The bond issuance cost is \$24,853 and accumulated amortization is \$3,314.

21,539

Interest on long-term debt in the statement of activities is accrued, regardless of when due.

(19,124)

Net assets of governmental activities

2,695,270

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, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<u>REVENUES</u>					
Local sources:					
Local tax levy	2,103,308			224,003	2,327,311
Tuition	127,022				127,022
Interest earned on investments	5,375		1,073		6,448
Interest earned on capital reserve funds	857				857
Miscellaneous	14,281	553			14,834
	<u>2,250,843</u>	<u>553</u>	<u>1,073</u>	<u>224,003</u>	<u>2,476,472</u>
State sources	2,184,508	67,424		184,942	2,436,874
Federal sources	338,656	298,011			636,667
	<u>4,774,007</u>	<u>365,988</u>	<u>1,073</u>	<u>408,945</u>	<u>5,550,013</u>
<u>EXPENDITURES</u>					
Current:					
Regular instruction	1,622,291	76,290			1,698,581
Special education instruction	268,378	67,704			336,082
Other special instruction	211,304	107,186			318,490
Other instruction	5,884				5,884
Support:					
Tuition	189,710				189,710
Student & instruction related services	433,460	83,872			517,332
School administrative services	174,713				174,713
Other administrative services	279,445				279,445
Plant operations and maintenance	389,297	500			389,797
Pupil transportation	343,772				343,772
Unallocated benefits	1,214,679	18,205			1,232,884
Debt Service:					
Principal				285,000	285,000
Interest				123,945	123,945
Capital outlay	6,000	12,450	328,645		347,095
	<u>5,138,933</u>	<u>366,207</u>	<u>328,645</u>	<u>408,945</u>	<u>6,242,730</u>
Excess (Deficiency) of revenues over expenditures	<u>(364,926)</u>	<u>(219)</u>	<u>(327,572)</u>		<u>(692,717)</u>
Other Financing Sources (Uses):					
Transfers In	1,073				1,073
Transfers Out	(34,000)		(1,073)		(35,073)
	<u>(32,927)</u>		<u>(1,073)</u>		<u>(34,000)</u>
Total other financing sources (uses)					
Net change in fund balances	(397,853)	(219)	(328,645)		(726,717)
Fund balance - July 1	911,935	(6,545)	347,584	1	1,252,975
Fund balance - June 30	<u>514,082</u>	<u>(6,764)</u>	<u>18,939</u>	<u>1</u>	<u>526,258</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, 2010

Total net change in fund balances - governmental funds (from B-2)		(726,717)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
	Depreciation expense	(242,956)
	Capital outlays	347,095
		104,139
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
	Bond principal	285,000
	Capital lease obligation principal	15,000
<p>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.</p>		
		56,548
<p>Bond issuance costs are reported in the governmental funds as expenditures in the year the bonds are issued. However, on the statement of activities, the costs are amortize over the life of the bonds.</p>		
		(1,657)
<p>In the statement of activities, certain operating expenses, e.g., compensated absence are measured by the amounts earned during the year. In the governmental fund 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</p>		
		32,446
Change in net assets of governmental activities		(235,241)

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Net Assets
Proprietary Funds
June 30, 2010

	<u>Business-type Activities Enterprise Funds Food Service</u>	<u>Governmental Activities - Internal Service Fund</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	10,634	
Accounts receivable:		
State	240	
Federal	4,260	
Other	8,736	14,426
Inventory	3,630	
Total current assets	<u>27,500</u>	<u>14,426</u>
Noncurrent assets:		
Furniture, machinery & equipment	48,244	
Less accumulated depreciation	<u>(40,813)</u>	
Total noncurrent assets	<u>7,431</u>	
Total assets	<u>34,931</u>	<u>14,426</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	1,198	
Interfund payable		14,426
Deferred revenue	1,703	
Total current liabilities	<u>2,901</u>	<u>14,426</u>
<u>NET ASSETS</u>		
Invested in capital assets net of related debt	7,431	
Unrestricted	<u>24,599</u>	
Total net assets	<u>32,030</u>	

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

	Business-type Activities Enterprise Funds <u>Food Service</u>	Governmental Activities - Internal Service Fund <u>Service Fund</u>
Operating revenues:		
Charges for services:		
Daily sales - reimbursable programs	52,833	
Daily sales - non-reimbursable programs	5,582	
Special functions	3,255	
Services provided to other governmental entities		33,296
Total operating revenues	<u>61,670</u>	<u>33,296</u>
Operating expenses:		
Cost of sales	54,353	
Salaries	72,480	31,572
Employee benefits	21,097	1,206
Purchased professional/technical services	1,927	
Purchased property services	67	
Other purchased services	14,617	
Supplies and materials	3,147	518
Depreciation	1,410	
Total operating expenses	<u>169,098</u>	<u>33,296</u>
Operating income (loss)	<u>(107,428)</u>	
Nonoperating revenues (expenses):		
Interest earned	50	
State sources:		
State school breakfast program	1,111	
State school lunch program	2,372	
Federal sources:		
School breakfast program	15,175	
National school lunch program	46,542	
School milk program	809	
Food distribution program	10,779	
Total nonoperating revenues (expenses)	<u>76,838</u>	
Income (loss) before operating transfers	(30,590)	
Transfers in (out)	<u>34,000</u>	
Change in net assets	3,410	
Total net assets - beginning	<u>28,620</u>	
Total net assets - ending	<u><u>32,030</u></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, 2010

	Business-type Activities Enterprise Funds	Governmental Activities - Internal Service Fund
	<u>Food Service</u>	<u>Service Fund</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers	61,669	20,141
Payments to employees	(72,480)	(31,756)
Payments for employee benefits	(21,097)	(1,206)
Payments to suppliers	(62,639)	(518)
	<u>(94,547)</u>	<u>(13,339)</u>
Net cash provided by (used for) operating activities		
<u>CASH FLOWS FROM NONCAPITAL FINANCING</u>		
<u>ACTIVITIES</u>		
Payments from General Fund	34,000	
Federal and state reimbursements	65,080	
(Increase) decrease in interfund receivable	(7,603)	
Increase (decrease) in interfund loan		13,339
Increase (decrease) in accounts payable	1,198	
	<u>92,675</u>	<u>13,339</u>
Net cash provided by (used for) non-capital financing activities		
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest earned	50	
	<u>50</u>	
Net cash provided by investing activities		
Net increase (decrease) in cash and cash equivalents	(1,822)	
Balances - beginning of year	12,456	
Balances - end of year	<u>10,634</u>	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(107,428)	
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	1,410	
Food distribution program	10,779	
(Increase) decrease in accounts receivable	(1)	(13,155)
(Increase) decrease in inventory	693	
Increase (decrease) in accounts payable		(184)
	<u>(94,547)</u>	<u>(13,339)</u>
Net cash provided by (used for) operating activities		

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Unemployment Compensation Trust	Scholarship Fund	Agency Fund
<u>ASSETS</u>			
Cash and cash equivalents	599	1,349	33,421
Interfund receivable	884		
Total assets	1,483	1,349	33,421
<u>LIABILITIES</u>			
Payroll deductions and withholdings			24,293
Due to student groups			7,232
Interfund payables			1,896
Total liabilities			33,421
<u>NET ASSETS</u>			
Held in trust for unemployment claims	1,483		
Nonexpendable trust		1,349	

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2010

	Unemployment Compensation Trust	Scholarship Fund
<u>ADDITIONS</u>		
Contributions:		
Donations		200
Plan member	5,583	
Contribution from General Fund	29,000	
Total Contributions	<u>34,583</u>	<u>200</u>
Investment earnings:		
Interest	25	7
Total additions	<u>34,608</u>	<u>207</u>
<u>DEDUCTIONS</u>		
Unemployment claims	46,323	
Scholarships awarded		250
Total deductions	<u>46,323</u>	<u>250</u>
Change in net assets	(11,715)	(43)
Net assets - beginning of year	13,198	1,392
Net assets - end of year	<u>1,483</u>	<u>1,349</u>

See accompanying notes to the basic financial statements.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

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 (G.A.A.P.) as applied to governmental units. The Governmental Accounting Standards Board (G.A.S.B.) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (G.A.S.B.) unanimously approved *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (Statement No. 34). This statement provided for the most significant change in financial reporting in over twenty years and was scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2003 (for larger governments). The District implemented the new model in the 2003-2004 school year. In addition, the School District has implemented G.A.S.B. Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures* and G.A.S.B. Statement No. 44.

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. A superintendent is appointed by the Board and is responsible for the administrative 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 G.A.S.B. 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.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation

The School District's basic financial statements consist of District-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

District-Wide Statements:

The Statement of Net Assets and Statement of Activities display information about the District as a whole. These statements include the financial activities of the overall District except for fiduciary funds. These statements distinguish between governmental and business-type activities of the School District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Assets presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs; and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

Fund Financial Statements:

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

GOVERNMENTAL FUNDS

The focus of governmental fund measurement is on determination of financial position and changes of financial position, (sources, uses and balances of financial resources) rather than on net income. The District reports the following governmental funds:

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

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.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

PROPRIETARY FUNDS

The focus of proprietary fund measurement is on determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The District reports the following proprietary funds:

Enterprise (Food Service) Fund - The enterprise fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for 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 to the students on a continuing basis are financed or recovered primarily through user charges.

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.

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 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.

C. Basis of Accounting

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Governmental Fund Financial Statements:

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

District-wide, Proprietary, and Fiduciary Fund Financial Statements:

The District-wide financial statements are prepared using the accrual basis of accounting. Governmental Funds use the modified accrual basis of accounting; the Proprietary and Fiduciary Funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Ad Valorem (property) Taxes are susceptible to accrual and under New Jersey State statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable."

All governmental and business-type activities and Proprietary Funds of the District follow Financial Accounting Standards Board (F.A.S.B.) Statements and Interpretations and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict G.A.S.B. pronouncements. The District's Proprietary Funds have elected not to apply the standards issued by F.A.S.B. after November 30, 1989.

D. 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 voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2.2 f(1). All budget amendments and transfers of appropriations must be made by School Board resolution at any time during the fiscal year. All budget amendments 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).

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets/Budgetary Control (Continued)

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the 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 G.A.A.P. in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the G.A.A.P. basis does not. Sufficient supplemental records are maintained to allow for the presentation of G.A.A.P. basis financial reports.

E. Encumbrance Accounting

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

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as 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.

F. 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.

U.S. Treasury agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost.

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.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Cash and Cash Equivalents (Continued)

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 (G.U.D.P.A.). G.U.D.P.A. was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. N.J.S.A. 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.

G. 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.

H. Inventories

Inventory purchases, other than those recorded in the Enterprise Fund, are recorded as expenditures during the year of purchase. Enterprise Fund inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

I. 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 Assets, except for amounts due between governmental and business-type activities or Governmental and Agency Funds, which are presented as internal balances.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. 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

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the Governmental Fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

K. 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.

L. Compensated Absences

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

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Compensated Absences (Continued)

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary-related payments for the employer's share of social security and medicare taxes are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

M. 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.

N. 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.

O. Net Assets

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances, amounts legally restricted for subsequent year's expenditures, excess surplus designated for subsequent year's expenditures, and the capital reserve account.

Q. Revenues – Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its 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 amount is both measurable and available. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

R. Operating Revenues and Expenses

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

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. 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, workers 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.

T. 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. There were no extraordinary or special items in the 2009-10 fiscal year.

U. 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.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Deposits

New Jersey statutes (N.J.S.A. 18A:20-37) require that school districts deposit public funds in contracted depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit funds in the State of New Jersey Cash Management Fund.

The carrying amount of the District's cash and cash equivalents at June 30, 2010 was \$431,225.45 and the bank balance was \$634,842.81. Of the bank balance \$250,000 was covered by federal depository insurance (including public and custodial funds) and \$384,842.81 was covered by a collateral pool (G.U.D.P.A.) maintained by the bank as required by New Jersey statutes.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be able to recover the value of its deposits or investments. Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2010 all of the District's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The District does not have a policy for custodial credit risk.

Credit risk: The District does not have an investment policy regarding the management of credit risk. G.A.S.B. 40 requires that disclosure be made as to the credit rating of all securities except for obligations of the U.S. government or investments guaranteed by the U.S. government which is considered to have no credit risk.

Interest rate risk: The District does not have a policy to limit interest rate risk.

Foreign currency risk: The District does not have a policy for foreign currency risk since statutes preclude districts from investing in these types of securities.

Investments

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than 397 days from the date of purchase.
- c. Bonds or other obligations of the Township or bonds or other obligations of the Township school district.
- d. Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of Treasury for investment by local units.
- e. Local government investment pools, such as New Jersey CLASS, New Jersey Cash Management Fund and the New Jersey Arbitrage Rebate Management Program.
- f. Repurchase agreements (repos) of fully collateralized securities, subject to conditions, as indicated in N.J.S.A. 40A:5-15.1(a).
- g. Certificates of Deposit at federally insured banks.

The District did not hold any investments as of June 30, 2010.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 3: RECEIVABLES

Receivables at June 30, 2010, consisted of interfund, intergovernmental and other receivables. All receivables are considered collectible in full. A summary of receivables is as follows:

	<u>Amount</u>
Governmental Activities	
General Fund	\$ 189,656
Special Revenue Fund	61,282
Internal Service Fund	14,426
 Total Governmental Activities	 \$ 262,364
 Business Activities	 \$ 13,236

NOTE 4: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remain on the balance sheet at June 30, 2010:

	<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 83,809	\$ 7,603
Special Revenue Fund		67,299
Capital Projects Fund		1,073
Internal Service Fund		14,426
Enterprise Fund	7,603	
Trust and Agency Fund	884	1,895
	\$ 92,296	\$ 92,296

NOTE 5: INVENTORY

Inventory in the Food Service Fund at June 30, 2010 consisted of the following:

Food	\$ 3,022
Supplies	608
	\$ 3,630

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, 2010

NOTE 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010 was as follows:

	Balance July 1, 2009	Additions	Retirements	Balance June 30, 2010
Governmental activities:				
Capital assets not being depreciated:				
Sites (Land)	\$ 45,404			\$ 45,404
Construction in progress	1,378,278	\$ -	\$ (1,378,278)	-
Total capital assets not being depreciated	<u>1,423,682</u>	<u>-</u>	<u>(1,378,278)</u>	<u>45,404</u>
Assets that are being depreciated:				
Site Improvements	33,949	343,770		377,719
Building & Building Improvements	4,392,780	1,317,253		5,710,033
Vehicles	498,680		(107,000)	391,680
Machinery & Equipment	384,325	64,350		448,675
Totals at historical cost	<u>5,309,734</u>	<u>1,725,373</u>	<u>(107,000)</u>	<u>6,928,107</u>
Less: Accumulated depreciation				
Site Improvements	(21,581)	(26,746)		(48,327)
Building & Building Improvements	(1,921,886)	(173,173)		(2,095,059)
Vehicles	(388,116)	(22,411)	107,000	(303,527)
Machinery & Equipment	(335,412)	(20,626)		(356,038)
Total accumulated depreciation	<u>(2,666,995)</u>	<u>(242,956)</u>	<u>107,000</u>	<u>(2,802,951)</u>
Governmental activities capital assets, net	<u>\$ 4,066,421</u>	<u>\$ 1,482,417</u>	<u>\$ (1,378,278)</u>	<u>\$ 4,170,560</u>
Business-type activities:				
Machinery & Equipment	\$ 50,939		\$ (2,695)	\$ 50,939
Less: Accumulated depreciation	(42,098)	\$ (1,410)		(43,508)
Business-type capital assets, net	<u>\$ 8,841</u>	<u>\$ (1,410)</u>	<u>\$ (2,695)</u>	<u>\$ 7,431</u>

NOTE 7: 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.

A. Defeased Debt

On April 1, 1993, the District issued general obligation bonds of \$3,250,000 (par value) with interest rates ranging from 5.10% to 5.60%. Maturities of the 1993 bonds range from 1994 to 2010.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

A. Defeased Debt (Continued)

On March 1, 2004, the District issued general obligation bonds of \$1,455,000 (par value) with interest rates ranging from 2.00% to 2.5% to advance refund 1993 general obligation bonds with an interest rate of 5.10% and a par value of \$3,250,000. Maturities of the 2004 bonds range from 2005 to 2010. The advance refunding met the requirements of an in-substance debt defeasance and the 1993 bonds were removed from the District's long-term debt.

On August 15, 2006, the District issued general obligation bonds of \$191,000 (par value) with interest rates ranging from 4.20% to 4.45%. Maturities of the 2006 bonds range from 2008 to 2013.

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 2010 to 2023.

B. Long-term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2010, are as follows:

	Balance <u>June 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2010</u>
Compensated Absences				
Governmental	\$ 155,409		\$ 32,446	\$ 122,963
Bonds payable	2,136,000		285,000	1,851,000
Capital leases	45,000		15,000	30,000
	<u>\$ 2,336,409</u>	<u>\$ -</u>	<u>\$ 332,446</u>	<u>\$ 2,003,963</u>

C. Bonds Payable

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

Year Ended <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 126,000	\$ 76,984	\$ 202,984
2012	135,000	71,491	206,491
2013	135,000	65,701	200,701
2014	130,000	59,265	189,265
2015	130,000	53,731	183,731
2016-2024	1,195,000	233,910	1,428,910
	<u>\$ 1,851,000</u>	<u>\$ 561,082</u>	<u>\$ 2,412,082</u>

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 7: GENERAL LONG-TERM DEBT (CONTINUED)

D. Bonds Authorized but Not Issued

As of June 30, 2010, the Board has \$578 of 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.

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, 2010, it is not necessary for the Board to establish a liability for arbitrage rebate.

F. Capital Lease Payable

The District has entered into a lease purchase agreement for the acquisition of a school bus. The lease agreement is for five years and carries an interest rate of 4.00%-5.00%. The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments as of June 30, 2010.

Year Ended			
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 15,000	\$ 1,050	\$ 16,050
2012	15,000	375	15,375
	<u>\$ 30,000</u>	<u>\$ 1,425</u>	<u>\$ 31,425</u>

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 8: OPERATING LEASES

The District has commitments to lease copiers under five year non-cancelable operating leases. Total lease payments made during the year ended June 30, 2010 amounted to \$14,345. Future minimum lease payments are as follows:

Year Ended	
<u>June 30</u>	
2011	\$ 12,906
2012	11,962
2013	11,648
2014	8,662
Total future minimum lease payments	<u>\$ 45,178</u>

NOTE 9: PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both systems will be assumed by the State of New Jersey should the systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625.

Teachers' Pension and Annuity Fund (T.P.A.F.) - The Teachers' Pension and Annuity Fund (T.P.A.F.) was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the 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 titles.

Public Employees' Retirement System (P.E.R.S.) - The Public Employees' Retirement System (P.E.R.S.) was established as of January 1, 1955 under the provisions of N.J.S.A. 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 as a condition of employment for most employees of the State of New Jersey 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.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 9: PENSION PLANS (CONTINUED)

Retirement - Members are eligible for retirement benefits at age sixty with an annual benefit generally determined to be the number of years of service divided by fifty-five, times the final average salary. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Early retirement is available to those under age sixty with twenty-five years of or more years of credited service. Anyone who retires early and is under age fifty-five receives retirement benefits as calculated in the above referenced formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age fifty-five).

Vesting and Benefit Provisions - The vesting and benefit provisions for P.E.R.S. are set by N.J.S.A. 43:15A and 43.3B and N.J.S.A. 18A:6C for T.P.A.F. All benefits vest after ten years of service, except for medical benefits that vest after twenty-five years of service. The T.P.A.F. and P.E.R.S. provides for specified medical benefits for members who retire after achieving twenty-five years of qualified service, as defined, or under the disability provisions of the system.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 115, P.L. of 1997, and N.J.S.A. 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. T.P.A.F. and P.E.R.S. provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both T.P.A.F. and P.E.R.S. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a non-contributing employer of the T.P.A.F.

Three-Year Trend Information for P.E.R.S.

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/10	\$ 46,262	0%	\$ 46,262
6/30/09	50,603	0	50,603
6/30/08	33,806	20	27,045

Three-Year Trend Information for T.P.A.F. (Paid on-behalf of the District)

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/10	\$ 173,575	100%	-0-
6/30/09	148,060	100	-0-
6/30/08	358,647	100	-0-

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 9: PENSION PLANS (CONTINUED)

During the fiscal year ended June 30, 2010, the State of New Jersey contributed \$8,775 to the T.P.A.F. for normal benefits and \$164,800 for post-retirement medical on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$191,773 during the year ended June 30, 2010 for the employer's share of social security contributions for T.P.A.F. members, as calculated on their base salaries. This amount has been included in the district-wide and fund financial statements as a revenue and expenditure in accordance with GASB 27.

NOTE 10: POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you go basis beginning in fiscal year 1994.

The State made post-retirement (PRM) contributions of \$1.38 billion for fiscal year 2009 and \$3.22 million for fiscal year 2008.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in fiscal year 2009.

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: 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.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 12: RISK MANAGEMENT (CONTINUED)

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:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2009-2010	\$ 29,000	\$ 5,583	\$ 46,323	\$ 1,483
2008-2009	10,000	5,460	12,878	13,198
2007-2008	10,000	5,368	17,772	10,550

NOTE 13: 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 N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 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, 2010

NOTE 13: CAPITAL RESERVE ACCOUNT (CONTINUED)

The activity of the capital reserve for the July 1, 2009 to June 30, 2010 fiscal year is as follows:

Beginning Balance, July 1, 2009	\$ 170,919
Interest earnings	<u>857</u>
Ending Balance, June 30, 2010	<u><u>\$ 171,776</u></u>

NOTE 14: CONTINGENT LIABILITIES

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

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

NOTE 15: FUND BALANCE APPROPRIATED

General Fund - Of the \$514,082 fund balance in the General Fund at June 30, 2010, \$41,109 is reserved for encumbrances; \$291,064 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$285,869 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2011); \$171,776 is reserved in the capital reserve account, \$3,431 has been appropriated and included as anticipated revenue for the year ending June 30, 2011, and \$6,702 is unreserved and undesignated.

NOTE 16: CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 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 (C.E.I.F.A.). 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, 2010 is \$291,064. The excess fund balance at June 30, 2009 was \$348,477. Pursuant to the provisions of Executive Order No, 14, \$62,608 of that amount was approved by the Commissioner of the Department of Education for withdrawal to address any budget shortfall in the general fund account group due to the 2009-10 withholding of state aid.

ELK TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 17: DEFICIT IN FUND BALANCE

The District has a deficit fund balance of \$6,764 in the Special Revenue Fund as of June 30, 2010 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school 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 can not 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.

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, 2010

	<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	2,103,308		2,103,308	2,103,308	
Tuition	30,000		30,000	127,022	97,022
Interest Earned on Capital Reserve Funds	500		500	857	357
Interest on Investments	15,000		15,000	5,375	(9,625)
Miscellaneous	27,972		27,972	14,281	(13,691)
Total - Local Sources	<u>2,176,780</u>		<u>2,176,780</u>	<u>2,250,843</u>	<u>74,063</u>
State Sources:					
Extraordinary Aid	79,925		79,925	39,058	(40,867)
Categorical Special Education Aid	169,028		169,028	169,028	
Equalization Aid	1,816,206	(329,544)	1,486,662	1,274,271	(212,391)
Categorical Security Aid	47,991		47,991	31,194	(16,797)
Adjustment Aid	306,528		306,528	199,243	(107,285)
Categorical Transportation Aid	159,788		159,788	103,862	(55,926)
Reimbursed Nonpublic School Transportation Costs				3,319	3,319
TPAF - Post Retirement Medical (On-Behalf Non-Budgeted)				164,800	164,800
Teachers' Pension & Annuity Fund (On-Behalf Non-Budgeted)				8,775	8,775
Reimbursed TPAF Social Security Contributions (non-budgeted)				191,773	191,773
Total - State Sources	<u>2,579,466</u>	<u>(329,544)</u>	<u>2,249,922</u>	<u>2,185,323</u>	<u>(64,599)</u>
Federal Sources:					
Medical Assistance Program	4,182		4,182	9,112	4,930
ARRA - ESF		317,262	317,262	317,262	
ARRA - GSF		12,282	12,282	12,282	
Total - Federal Sources	<u>4,182</u>	<u>329,544</u>	<u>333,726</u>	<u>338,656</u>	<u>4,930</u>
Total Revenues	<u><u>4,760,428</u></u>		<u><u>4,760,428</u></u>	<u><u>4,774,822</u></u>	<u><u>14,394</u></u>

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	39,142	27,606	66,748	65,273	1,475
Kindergarten - Salaries of Teachers	177,512	(2,947)	174,565	169,055	5,510
Grades 1-5 - Salaries of Teachers	1,004,063	(11,514)	992,549	988,363	4,186
Grades 6-8 - Salaries of Teachers	253,656	(463)	253,193	251,274	1,919
Regular Programs - Home Instruction:					
Salaries of Teachers	1,500	(1,258)	242	242	
Purchased Professional - Educational Services		3,874	3,874	3,190	684
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	65,778	(26,030)	39,748	35,397	4,351
Other Purchased Services	21,471		21,471	14,938	6,533
General Supplies	70,000	(13,006)	56,994	47,608	9,386
Textbooks	56,000		56,000	46,951	9,049
Total Regular Programs - Instruction	<u>1,689,122</u>	<u>(23,738)</u>	<u>1,665,384</u>	<u>1,622,291</u>	<u>43,093</u>
Special Education Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	269,657	(52,173)	217,484	217,484	
Purchased Professional/Education Services		6,747	6,747	6,682	65
General Supplies	1,500	(1,060)	440	137	303
Textbooks	500		500		500
Total Resource Room/Resource Center	<u>271,657</u>	<u>(46,486)</u>	<u>225,171</u>	<u>224,303</u>	<u>868</u>

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Preschool Disabilities - Part Time:					
Salaries of Teachers	23,706	21,970	45,676	44,075	1,601
Other Salaries for Instruction	9,282	(8,342)	940		940
Total Preschool Disabilities - Part Time	<u>32,988</u>	<u>13,628</u>	<u>46,616</u>	<u>44,075</u>	<u>2,541</u>
Total Special Education - Instruction	<u>304,645</u>	<u>(32,858)</u>	<u>271,787</u>	<u>268,378</u>	<u>3,409</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	204,982	(10,702)	194,280	179,280	15,000
Other Salaries for Instruction		31,102	31,102	30,926	176
General Supplies	1,500	(80)	1,420	1,098	322
Total Basic Skills/Remedial - Instruction	<u>206,482</u>	<u>20,320</u>	<u>226,802</u>	<u>211,304</u>	<u>15,498</u>
School-Spon. Cocurricular Actvts. - Inst.:					
Salaries	3,925		3,925	3,450	475
General Supplies		80	80	80	
Total School-Spon. Cocurricular Actvts. - Inst.	<u>3,925</u>	<u>80</u>	<u>4,005</u>	<u>3,530</u>	<u>475</u>
Before/After School Programs - Instruction:					
Salaries of Teachers	<u>2,400</u>		<u>2,400</u>		<u>2,400</u>
Summer School - Instruction:					
Salaries of Teachers		1,409	1,409	1,409	
Other Salaries for Instruction		822	822	822	
General Supplies		600	600	123	477
Total Summer School - Instruction		<u>2,831</u>	<u>2,831</u>	<u>2,354</u>	<u>477</u>
Total Instructions	<u>2,206,574</u>	<u>(33,365)</u>	<u>2,173,209</u>	<u>2,107,857</u>	<u>65,352</u>

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular		4,753	4,753	4,753	
Tuition to CSSD & Regional Day Schools	64,440	(12,003)	52,437	52,437	
Tuition to Private Schools for the Disabled - Within State	187,589	(17,750)	169,839	132,520	37,319
Total Undistributed Expenditures - Instruction	<u>252,029</u>	<u>(25,000)</u>	<u>227,029</u>	<u>189,710</u>	<u>37,319</u>
Undistributed Expenditures - Attendance and Social Work:					
Salaries	10,107		10,107	10,107	
Purchased Professional/Technical Services	1,500		1,500	1,125	375
Other Purchased Services	500		500		500
Total Undistributed Expenditures - Attendance and Social Work	<u>12,107</u>		<u>12,107</u>	<u>11,232</u>	<u>875</u>
Undistributed Expenditures - Health Services:					
Salaries	63,174	(181)	62,993	62,724	269
Purchased Professional/Technical Services	6,000		6,000	3,971	2,029
Other Purchased Services	100		100	95	5
Supplies and Materials	1,000	181	1,181	1,142	39
Total Undistributed Expenditures - Health Services	<u>70,274</u>		<u>70,274</u>	<u>67,932</u>	<u>2,342</u>
Undist. Expend. - Speech, OT, PT & Related Services:					
Salaries	66,639	(700)	65,939	65,639	300
Purchased Professional/Educational Services	5,500	4,492	9,992	9,992	
Supplies and Materials	300	(300)			
Total Undist. Expend. - Speech, OT, PT & Related Serv.	<u>72,439</u>	<u>3,492</u>	<u>75,931</u>	<u>75,631</u>	<u>300</u>
Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.:					
Supplies and Materials	1,039		1,039	1,039	

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	18,573	341	18,914	18,914	
Purchased Professional/Technical Services	4,000	(675)	3,325	3,107	218
General Supplies	1,000	820	1,820	1,719	101
Total Undist. Expend. - Guidance	23,573	486	24,059	23,740	319
Undist. Expend. - Child Study Teams:					
Salaries of Other Professional Staff	104,865	(15,738)	89,127	80,861	8,266
Salaries of Secretarial and Clerical Assistants	26,936		26,936	26,800	136
Purchased Professional - Educational Services	16,500		16,500	410	16,090
Miscellaneous Purchased Services	3,200		3,200	2,916	284
Supplies and Materials	1,000		1,000	973	27
Total Undist. Expend. - Child Study Teams	152,501	(15,738)	136,763	111,960	24,803
Undistributed Expenditures - Improvement of Inst. Services:					
Salaries of Supervisors of Instruction	42,438		42,438	42,438	
Salaries of Other Professional Staff	2,500		2,500		2,500
Other Purchased Services	500		500		500
Other Objects	350		350		350
Total Undistributed Expenditures - Improvement of Inst. Services	45,788		45,788	42,438	3,350
Undist. Expend. - Edu. Media Serv./Sch. Library:					
Salaries	74,768	75	74,843	74,843	
Salaries of Technology Coordinators	14,146		14,146	14,146	
Purchased Professional/Technical Services	1,600		1,600	1,542	58
Other Purchased Services	2,300		2,300	1,268	1,032
Supplies and Materials	7,484	18,308	25,792	7,301	18,491
Total Undist. Expend. - Edu. Media Serv./Sch. Library	100,298	18,383	118,681	99,100	19,581

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Instructional Staff Training					
Purchased Professional/Educational Services	1,000		1,000		1,000
Other Purchased Services	2,000		2,000	388	1,612
Supplies and Materials	500		500		500
Total Undist. Expend. - Instructional Staff Training	<u>3,500</u>		<u>3,500</u>	<u>388</u>	<u>3,112</u>
Undist. Expend. - Supp. Serv. - General Administration:					
Salaries	44,292	1,850	46,142	45,812	330
Legal Services	5,000	1,150	6,150	1,794	4,356
Audit Fees	13,000	(500)	12,500	11,300	1,200
Architectural/Engineering Services	5,000		5,000		5,000
Other Purchased Professional Services	45,000		45,000	45,000	
Purchased Technical Services	3,000		3,000	2,395	605
Communications/Telephone	15,000		15,000	5,874	9,126
BOE Other Purchased Services	1,500		1,500	1,039	461
Other Purchased Services	15,295		15,295	10,023	5,272
General Supplies	1,750		1,750	613	1,137
BOE In-House Training/Meeting Supplies	100		100	32	68
Miscellaneous Expenditures	300		300		300
BOE Membership Dues and Fees	4,200		4,200	3,216	984
Total Undist. Expend. - Supp. Serv. - General Administration	<u>153,437</u>	<u>2,500</u>	<u>155,937</u>	<u>127,098</u>	<u>28,839</u>

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Supp. Serv. - School Administration:					
Salaries of Principals/Assistant Principals	94,290		94,290	94,290	
Salaries of Other Professionals	37,723		37,723	37,722	1
Salaries of Secretarial and Clerical Assistants	30,522	500	31,022	30,973	49
Purchased Professional/Technical Services	2,700	1,080	3,780	3,340	440
Other Purchased Services	3,300	949	4,249	3,956	293
Supplies and Materials	3,000		3,000	2,808	192
Other Objects	1,685		1,685	1,624	61
Total Undist. Expend. - Supp. Serv. - School Administration	173,220	2,529	175,749	174,713	1,036
Undist. Expend. - Central Services					
Salaries	79,426	1	79,427	79,426	1
Purchased Professional Services	50,500		50,500	48,500	2,000
Purchased Technical Services	11,830	692	12,522	12,522	
Miscellaneous Purchased Services	3,476	(304)	3,172	2,014	1,158
Supplies and Materials	3,000	(693)	2,307	1,691	616
Interest on Lease Purchase Agreements	1,650		1,650	1,648	2
Miscellaneous Expenditures	100		100	25	75
Total Undist. Expend. - Central Services	149,982	(304)	149,678	145,826	3,852
Undist. Expend. - Admin. Info. Tech.					
Purchased Technical Services	8,000		8,000	4,000	4,000
Other Purchased Services		500	500	500	
Supplies and Materials	5,000	(500)	4,500	2,021	2,479
Total Undist. Expend. - Admin. Info. Tech.	13,000		13,000	6,521	6,479

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	56,950	2,594	59,544	48,596	10,948
General Supplies	9,197	(5,148)	4,049	3,271	778
Total Undist. Expend. - Required Maintenance for School Facilities	<u>66,147</u>	<u>(2,554)</u>	<u>63,593</u>	<u>51,867</u>	<u>11,726</u>
Undist. Expend. - Custodial Services:					
Salaries	122,467	52,604	175,071	173,802	1,269
Salaries of Non-Instructional Aides	22,305	(3,706)	18,599	18,081	518
Purchased Professional/Technical Services	30,215	(25,000)	5,215	4,435	780
Cleaning, Repair and Maintenance Services	32,000	(9,159)	22,841	22,840	1
Insurance	15,406	598	16,004	16,004	
Miscellaneous Purchased Services	1,000	648	1,648	1,379	269
General Supplies	18,375	3,554	21,929	9,138	12,791
Energy (Electricity)	55,000	(4,000)	51,000	50,224	776
Energy (Oil)	40,000	(10,909)	29,091	29,091	
Other Objects	1,200	569	1,769	1,769	
Total Undist. Expend. - Custodial Services	<u>337,968</u>	<u>5,199</u>	<u>343,167</u>	<u>326,763</u>	<u>16,404</u>
Undist. Expend. - Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	7,000	2,800	9,800	9,800	
General Supplies	1,000		1,000	867	133
Total Undist. Expend. - Care and Upkeep of Grounds	<u>8,000</u>	<u>2,800</u>	<u>10,800</u>	<u>10,667</u>	<u>133</u>
Total Undist. Expend. - Oper. & Maint.of Plant Services	<u>412,115</u>	<u>5,445</u>	<u>417,560</u>	<u>389,297</u>	<u>28,263</u>

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Undist. Expend. - Student Transportation Services:					
Lease Purchase Payments - School Buses	15,000		15,000	15,000	
Contract Services (Other than Bet. Home & School) Vendors	1,000	2,176	3,176	3,176	
Contract Services (Bet. Home & Sch) Joint Agrmnts	363,414	(26,064)	337,350	277,515	59,835
Contract Services (Sp. Ed. Students) Joint Agrmnts	51,000		51,000	33,495	17,505
Contract Services - Aid in Lieu of Payments	18,280		18,280	14,586	3,694
Total Undist. Expend. - Student Transportation Services:	<u>448,694</u>	<u>(23,888)</u>	<u>424,806</u>	<u>343,772</u>	<u>81,034</u>
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	50,856	(1,002)	49,854	43,010	6,844
Other Retirement Contributions - Regular	50,201	(3,000)	47,201	46,262	939
Unemployment Compensation	10,000	19,000	29,000	29,000	
Workmen's Compensation	23,667	1,002	24,669	24,591	78
Health Benefits	637,225	43,783	681,008	674,331	6,677
Tuition Reimbursement	8,000	2,914	10,914	10,914	
Other Employee Benefits	17,920	3,303	21,223	21,223	
Total Unallocated Benefits - Employee Benefits	<u>797,869</u>	<u>66,000</u>	<u>863,869</u>	<u>849,331</u>	<u>14,538</u>
On-Behalf Contributions:					
On-behalf TPAF Pensions Contributions (non-budgeted)				8,775	(8,775)
On-behalf TPAF OPEB (Post Retire. Medical) Contrib. (non-budgeted)				164,800	(164,800)
Reimbursed TPAF Social Security Contributions (non-budgeted)				191,773	(191,773)
Total On-Behalf Contributions				<u>365,348</u>	<u>(365,348)</u>
Total Personal Services - Employee Benefits	<u>797,869</u>	<u>66,000</u>	<u>863,869</u>	<u>1,214,679</u>	<u>(350,810)</u>
Total Undistributed Expenditures	<u>2,881,865</u>	<u>33,905</u>	<u>2,915,770</u>	<u>3,025,076</u>	<u>(109,306)</u>
Total General Current Expense	<u>5,088,439</u>	<u>540</u>	<u>5,088,979</u>	<u>5,132,933</u>	<u>(43,954)</u>

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Capital Outlay:					
Interest Deposit to Capital Reserve	<u>500</u>		<u>500</u>		<u>500</u>
Equipment:					
Undist. Expend. - Required Maint for School Fac.	<u>6,000</u>		<u>6,000</u>	<u>6,000</u>	
Total Capital Outlay	<u>6,500</u>		<u>6,500</u>	<u>6,000</u>	<u>500</u>
Special Schools					
Summer School - Instructions:					
Salaries of Teachers	4,800	60	4,860		4,860
General Supplies	600	(600)			
Total Summer School - Instruction	<u>5,400</u>	<u>(540)</u>	<u>4,860</u>		<u>4,860</u>
Total Special Schools	<u>5,400</u>	<u>(540)</u>	<u>4,860</u>		<u>4,860</u>
Total Expenditures	<u>5,100,339</u>		<u>5,100,339</u>	<u>5,138,933</u>	<u>(38,594)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(339,911)</u>		<u>(339,911)</u>	<u>(364,111)</u>	<u>(24,200)</u>

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Financing Sources:					
Operating Transfer In:					
Transfer from Capital Projects Fund				1,073	1,073
Operating Transfer Out:					
Transfer to Food Service Fund - Board Contribution	(45,000)		(45,000)	(34,000)	11,000
Total Other Financing Sources	<u>(45,000)</u>		<u>(45,000)</u>	<u>(32,927)</u>	<u>12,073</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(384,911)		(384,911)	(397,038)	(12,127)
Fund Balance, July 1	<u>1,157,737</u>		<u>1,157,737</u>	<u>1,157,737</u>	
Fund Balance, June 30	<u><u>772,826</u></u>		<u><u>772,826</u></u>	<u><u>760,699</u></u>	<u><u>(12,127)</u></u>
Recapitulation:					
Reserve for Encumbrances				41,109	
Capital Reserve				171,776	
Reserve for Excess Surplus - Designated for Subsequent Year's Expenditures				285,869	
Reserve for Excess Surplus Designated for Subsequent Year's Expenditures				5,195	
Unrestricted Fund Balance				3,431	
				<u>253,319</u>	
				760,699	
Reconciliation to Governmental Fund Statements (GAAP):					
Last State Aid Payment not recognized on GAAP Basis				(246,617)	
Fund Balance per Governmental Funds (GAAP)				<u><u>514,082</u></u>	

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
American Recovery and Reinvestment Act
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources:					
Education Stabilization Fund		317,262	317,262	317,262	
Government Services Fund		12,282	12,282	12,282	
Total Revenues		<u>329,544</u>	<u>329,544</u>	<u>329,544</u>	
EXPENDITURES:					
Instruction:					
Salaries of Teachers:					
Kindergarten - ESF		33,571	33,571	33,571	
Grades 1-5 - ESF		229,027	229,027	229,027	
Grades 1-5 - GSF		12,282	12,282	12,282	
Grades 6-8 - ESF		54,664	54,664	54,664	
Total Instruction		<u>329,544</u>	<u>329,544</u>	<u>329,544</u>	
Total Expenditures		<u>329,544</u>	<u>329,544</u>	<u>329,544</u>	

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
State Sources	67,643		67,643	67,643	
Federal Sources	227,680	117,675	345,355	298,011	(47,344)
Other Sources		1,300	1,300	553	(747)
Total Revenues	<u>295,323</u>	<u>118,975</u>	<u>414,298</u>	<u>366,207</u>	<u>(48,091)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	120,526	29,205	149,731	137,275	12,456
Other Salaries for Instruction	87,526	13,193	100,719	99,802	917
Supplies and Materials	3,425	12,699	16,124	14,103	2,021
Total Instruction	<u>211,477</u>	<u>55,097</u>	<u>266,574</u>	<u>251,180</u>	<u>15,394</u>
Support Services:					
Salaries of Other Professional Staff		990	990	990	
Personal Services - Employee Benefits	23,465	(4,304)	19,161	18,205	956
Purchased Professional/Technical Services	50,904	36,167	87,071	67,114	19,957
Other Purchased Services	8,000	14,817	22,817	12,912	9,905
Supplies and Materials	1,477	3,758	5,235	3,356	1,879
Total Support Services	<u>83,846</u>	<u>51,428</u>	<u>135,274</u>	<u>102,577</u>	<u>32,697</u>
Facilities Acquisition /Construction					
Instructional Equipmen		12,450	12,450	12,450	
Total Expenditures	<u>295,323</u>	<u>118,975</u>	<u>414,298</u>	<u>366,207</u>	<u>48,091</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

ELK TOWNSHIP BOARD OF EDUCATION
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Fiscal Year Ended June 30, 2010

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.	4,774,822	366,207
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	245,802	6,545
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the following year.	(246,617)	(6,764)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	4,774,007	365,988
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	5,138,933	366,207
Difference - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	5,138,933	366,207

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, 2010

	Total Brought Forward (Exhibit E-1a)	Title I Part A Regular	Title I Part A ARRA	Title II Part A	Title II Part D	Total
REVENUES:						
Federal sources	188,190	84,682	9,558	14,709	872	298,011
State sources	67,643					67,643
Other sources	553					553
Total revenues	256,386	84,682	9,558	14,709	872	366,207
EXPENDITURES:						
Instruction:						
Salaries of teachers	86,407	40,052	2,222	8,594		137,275
Other salaries for instruction	69,102	30,700				99,802
Supplies and materials	5,475	1,920	6,708			14,103
Total instruction	160,984	72,672	8,930	8,594		251,180
Support services:						
Salaries of other professional staff	990					990
Personal services-employees benefits	8,579	8,200	170	1,256		18,205
Purchased professional/technical services	67,114					67,114
Other purchased services	4,290	3,810		4,594	218	12,912
Supplies and materials	1,979		458	265	654	3,356
Total support services	82,952	12,010	628	6,115	872	102,577
Facilities acquisition/construction:						
Instructional equipment	12,450					12,450
Total expenditures	256,386	84,682	9,558	14,709	872	366,207

ELK TOWNSHIP BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	Total Brought Forward (Exhibit E-1b)	IDEA Part B Basic Regular	IDEA Part B Basic Summer	IDEA Part B Basic ARRA	Title IV	Total Carried Forward
REVENUES:						
Federal sources	34,760	93,846	3,445	54,660	1,479	188,190
State sources	67,643					67,643
Other sources	553					553
Total revenues	<u>102,956</u>	<u>93,846</u>	<u>3,445</u>	<u>54,660</u>	<u>1,479</u>	<u>256,386</u>
EXPENDITURES:						
Instruction:						
Salaries of teachers	83,207		3,200			86,407
Other salaries for instruction	12,542	40,000		16,560		69,102
Supplies and materials	1,710	1,627		2,138		5,475
Total instruction	<u>97,459</u>	<u>41,627</u>	<u>3,200</u>	<u>18,698</u>		<u>160,984</u>
Support services:						
Salaries of other professional staff	990					990
Personal services-employees benefits	4,007	3,060	245	1,267		8,579
Purchased professional/technical services		49,159		17,955		67,114
Other purchased services				4,290		4,290
Supplies and materials	500				1,479	1,979
Total support services	<u>5,497</u>	<u>52,219</u>	<u>245</u>	<u>23,512</u>	<u>1,479</u>	<u>82,952</u>
Facilities acquisition/construction:						
Instructional equipment				12,450		12,450
Total expenditures	<u>102,956</u>	<u>93,846</u>	<u>3,445</u>	<u>54,660</u>	<u>1,479</u>	<u>256,386</u>

ELK TOWNSHIP BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	Preschool Education Aid (Exhibit E-2)	GCSSDJIF Safety Award/ Other	Rural Education Achievement Program	Teaching American History	IDEA Preschool	IDEA Preschool ARRA	Total Carried Forward
REVENUES:							
Federal sources			29,322	1,066	2,715	1,657	34,760
State sources	67,643						67,643
Other sources		553					553
Total revenues	<u>67,643</u>	<u>553</u>	<u>29,322</u>	<u>1,066</u>	<u>2,715</u>	<u>1,657</u>	<u>102,956</u>
EXPENDITURES:							
Instruction:							
Salaries of teachers	57,623		25,584				83,207
Other salaries for instruction	10,020				2,522		12,542
Supplies and materials		53				1,657	1,710
Total instruction	<u>67,643</u>	<u>53</u>	<u>25,584</u>		<u>2,522</u>	<u>1,657</u>	<u>97,459</u>
Support services:							
Salaries of other professional staff				990			990
Personal services-employees benefits			3,738	76	193		4,007
Supplies and materials		500					500
Total support services		<u>500</u>	<u>3,738</u>	<u>1,066</u>	<u>193</u>		<u>5,497</u>
Total expenditures	<u>67,643</u>	<u>553</u>	<u>29,322</u>	<u>1,066</u>	<u>2,715</u>	<u>1,657</u>	<u>102,956</u>

ELK TOWNSHIP BOARD OF EDUCATION
Special Revenue Fund
Statement of Preschool Education Aid
Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	57,623	57,623	
Other Salaries for Instruction	10,020	10,020	
Total instruction	67,643	67,643	
Total expenditures	67,643	67,643	

CALCULATION OF BUDGET & CARRYOVER

Total revised 2009-10 Preschool Education Aid Allocation	67,643
Add: Actual ECPA Carryover (June 30, 2009)	None
	67,643
Total Preschool Education Aid Funds Available for 2009-10 Budget	67,643
Less: 2009-10 budgeted Preschool Education Aid (including prior year budgeted carryover)	(67,643)
	None
Available and unbudgeted Preschool Education Aid Funds as of June 30, 2010	None
Add: June 30, 2010 Unexpended Preschool Education Aid	None
	None
2009-10 Carryover - Preschool Education Aid	None
	None
2009-10 Preschool Education Aid carryover budgeted for Preschool Program in 2010-11	None
	None

CAPITAL PROJECTS FUND

ELK TOWNSHIP BOARD OF EDUCATION
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2010

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriation</u>	<u>GAAP</u>		<u>Unexpended Appropriations June 30, 2010</u>
			<u>Expenditures to Date</u>	<u>Expenditures to Date</u>	
			<u>Prior Year</u>	<u>Current Year</u>	
Aura Elementary School Roof Repairs	8/15/06	191,000	184,263	6,737	
Aura Elementary School Renovations	6/26/08	1,750,578	1,409,731	321,908	18,939
		<u>1,941,578</u>	<u>1,593,994</u>	<u>328,645</u>	<u>18,939</u>

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, 2010

Revenues and Other Financing Sources	
Interest Earnings	<u>1,073</u>
Expenditures and Other Financing Uses	
Salaries	6,150
Other professional/technical services	19,469
Construction services	257,126
Non-instructional equipment	45,900
Transfer to general fund	1,073
Total expenditures	<u>329,718</u>
Excess (deficiency) of revenues over (under) expenditures	(328,645)
Fund balance - beginning	347,584
Fund balance - ending	<u><u>18,939</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 Roof Repairs
From Inception and for the Year Ended June 30, 2010

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	191,000		191,000	191,000
Total revenues	<u>191,000</u>		<u>191,000</u>	<u>191,000</u>
Expenditures and Other Financing Uses				
Legal services	5,183		5,183	7,000
Other professional/technical services	12,167		12,167	11,667
Construction services	166,913	6,737	173,650	124,913
Other objects				47,420
Total expenditures	<u>184,263</u>	<u>6,737</u>	<u>191,000</u>	<u>191,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,737</u>	<u>(6,737)</u>		
Additional Project Information:				
Bond Authorization Date	8/15/06			
Bonds Authorized	191,000			
Bonds Issued	191,000			
Original Authorized Cost	191,000			
Additional Authorized Cost				
Revised Authorized Cost	191,000			
Percentage Increase over Original Authorized Cost	0%			
Percentage Completion	100%			
Original Target Completion Date	August-06			
Revised Target Completion Date	June-10			

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, 2010

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
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	10,400	6,150	16,550	
Legal services	15,653		15,653	50,000
Other professional/technical services	119,121	19,469	138,590	128,000
Construction services	1,261,699	250,389	1,512,088	1,386,738
Non-instructional equipment		45,900	45,900	
Other objects	2,858		2,858	185,840
Total expenditures	<u>1,409,731</u>	<u>321,908</u>	<u>1,731,639</u>	<u>1,750,578</u>
Excess (deficiency) of revenues over (under) expenditures	<u>340,847</u>	<u>(321,908)</u>	<u>18,939</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-09		
Revised Target Completion Date		August-10		

PROPRIETARY FUNDS

ELK TOWNSHIP BOARD OF EDUCATION
Enterprise Funds
Combining Schedule of Net Assets
For the Fiscal Year Ended June 30, 2010

	<u>Food Service Fund</u>
ASSETS:	
Cash and cash equivalents	10,634
Accounts receivable:	
State	240
Federal	4,260
Other	8,736
Inventory	3,630
Capital assets, net	7,431
Total assets	<u>34,931</u>
LIABILITIES:	
Accounts payable	1,198
Deferred revenue	1,703
Total current liabilities	<u>2,901</u>
NET ASSETS:	
Investment in capital assets	7,431
Unrestricted	24,599
Total net assets	<u><u>32,030</u></u>

ELK TOWNSHIP BOARD OF EDUCATION
Enterprise Funds
Combining Schedule of Revenues, Expenses,
and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2010

	<u>Food Service Fund</u>
Operating Revenues:	
Charges for Services:	
Daily sales - reimbursable programs	52,833
Daily sales - non-reimbursable programs	5,582
Special functions	3,255
Total operating revenue	<u>61,670</u>
Operating Expenses	
Cost of sales	54,353
Salaries	72,480
Employee benefits	21,097
Purchased professional/technical services	1,927
Purchased property services	67
Other purchased services	14,617
Supplies and materials	3,147
Depreciation	1,410
Total operating expenses	<u>169,098</u>
Operating income (loss)	<u>(107,428)</u>
Nonoperating revenues (expenses):	
Interest earned	50
State sources:	
State school breakfast program	1,111
State school lunch program	2,372
Federal sources:	
School breakfast program	15,175
National school lunch program	46,542
School milk program	809
Food distribution program commodities	10,779
Total nonoperating revenues (expenses)	<u>76,838</u>
Income (loss) before operating transfers	(30,590)
Transfers in (out)	<u>34,000</u>
Change in net assets	3,410
Total Net Assets - Beginning	<u>28,620</u>
Total Net Assets - Ending	<u><u>32,030</u></u>

ELK TOWNSHIP BOARD OF EDUCATION
Enterprise Funds
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2010

	<u>Food Service Fund</u>
Cash flows from operating activities:	
Receipts from customers	61,669
Payments to employees	(72,480)
Payments for employee benefits	(21,097)
Payments to suppliers	(62,639)
Net cash provided by (used for) operating activities	<u>(94,547)</u>
Cash flows from non-capital financing activities:	
Payments from General Fund	34,000
Federal and state reimbursements	65,080
(Increase) decrease in interfund receivable	(7,603)
Increase (decrease) in accounts payable	1,198
Net cash provided by non-capital financing activities	<u>92,675</u>
Cash flows from investing activities	
Interest earned	50
Net cash provided by investing activities	<u>50</u>
Net increase (decrease) in cash and cash equivalents	(1,822)
Balance - Beginning of Year	<u>12,456</u>
Balance - End of Year	<u><u>10,634</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	(107,428)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	1,410
Food distribution program	10,779
(Increase) decrease in accounts receivable	(1)
(Increase) decrease in inventory	693
Net cash provided by (used for) operating activities	<u><u>(94,547)</u></u>

EXHIBIT G-4

ELK TOWNSHIP BOARD OF EDUCATION
Internal Service Fund
Combining Schedule of Net Assets
For the Fiscal Year Ended June 30, 2010

	<u>Maintenance Fund</u>
ASSETS:	
Current assets:	
Accounts receivable	<u>14,426</u>
LIABILITIES:	
Current liabilities:	
Interfund payable	<u>14,426</u>
Total liabilities	<u>14,426</u>

EXHIBIT G-5

ELK TOWNSHIP BOARD OF EDUCATION
Internal Service Fund
Combining Schedule of Revenues, Expenses,
and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2010

	<u>Maintenance Fund</u>
Operating Revenues:	
Services provided to other governmental entities	<u>33,296</u>
Operating Expenses:	
Salaries	31,572
Employee benefits	1,206
Supplies and materials	518
Total operating expenses	<u>33,296</u>

ELK TOWNSHIP BOARD OF EDUCATION
Internal Service Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2010

	<u>Maintenance Fund</u>
Cash flows from operating activities:	
Receipts from customers	20,141
Payments to suppliers	(518)
Payments to employees	(31,756)
Payments for employee benefits	(1,206)
Net cash provided by (used for) operating activities	<u>(13,339)</u>
Cash flows from non-capital financing activities:	
Increase (decrease) in interfund loan	13,339
Net cash provided by investing activities	<u>13,339</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(13,155)
Increase (decrease) in accounts payable	(184)
Net cash provided by (used for) operating activities	<u><u>(13,339)</u></u>

FIDUCIARY FUNDS

ELK TOWNSHIP BOARD OF EDUCATION
Combining Statement of Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2010

	<u>Trust</u>		<u>Agency</u>		<u>Total 2010</u>
	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Student Activities</u>	<u>Payroll</u>	
ASSETS:					
Cash and cash equivalents	599	1,349	7,232	26,189	35,369
Interfund receivable:					
Agency - Payroll	884				884
Total assets	<u>1,483</u>	<u>1,349</u>	<u>7,232</u>	<u>26,189</u>	<u>36,253</u>
LIABILITIES:					
Payroll deductions and withholdings				24,293	24,293
Due to student groups			7,232		7,232
Interfund payables:					
Unemployment Compensation Trust				884	884
General Fund				1,012	1,012
Total liabilities			<u>7,232</u>	<u>26,189</u>	<u>33,421</u>
NET ASSETS:					
Held in trust for unemployment claims	1,483				1,483
Nonexpendable Trust		1,349			1,349
Total net assets	<u>1,483</u>	<u>1,349</u>			<u>2,832</u>

ELK TOWNSHIP BOARD OF EDUCATION
Combining Statement of Changes in Fiduciary Net Assets
Trust Funds
For the Fiscal Year Ended June 30, 2010

	Unemployment Compensation Trust	Scholarship Fund	Total 2010
ADDITIONS:			
Contributions:			
Donations		200	200
Plan member	5,583		5,583
Contribution from General Fund	29,000		29,000
Total Contributions	34,583	200	34,783
Investment earnings:			
Interest	25	7	32
Total additions	34,608	207	34,815
DEDUCTIONS:			
Unemployment claims	46,323		46,323
Scholarships awarded		250	250
Total deductions	46,323	250	46,573
Change in Net Assets	(11,715)	(43)	(11,758)
Net Assets - Beginning	13,198	1,392	14,590
Net Assets - End	1,483	1,349	2,832

ELK TOWNSHIP BOARD OF EDUCATION
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2010</u>
ACTIVITIES:				
Aura School	<u>4,867</u>	<u>16,097</u>	<u>13,732</u>	<u>7,232</u>

ELK TOWNSHIP BOARD OF EDUCATION
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
ASSETS:				
Cash and cash equivalents	24,059	3,409,146	3,407,016	26,189
Interfund receivable	37		37	
Total assets	<u>24,096</u>	<u>3,409,146</u>	<u>3,407,053</u>	<u>26,189</u>
LIABILITIES:				
Accrued salaries and wages		2,011,367	2,011,367	
Payroll deductions and withholdings	24,051	1,395,814	1,395,572	24,293
Interfund Payable	45	1,965	114	1,896
Total liabilities	<u>24,096</u>	<u>3,409,146</u>	<u>3,407,053</u>	<u>26,189</u>

LONG-TERM DEBT

ELK TOWNSHIP BOARD OF EDUCATION
Schedule of Serial Bonds
June 30, 2010

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2009</u>	<u>Retired</u>	<u>Balance June 30, 2010</u>
			<u>Date</u>	<u>Amount</u>				
Refunding School Bonds	3/1/04	1,455,000				255,000	255,000	
Roof Replacement	8/15/06	191,000	1/15/11	31,000	4.35%			
			1/15/12	35,000	4.40%			
			1/15/13	35,000	4.45%	131,000	30,000	101,000
Aura School/Grounds Renovations	7/15/08	1,750,000	7/15/10	95,000	4.25%			
			7/15/11-12	100,000	4.25%			
			7/15/13-21	130,000	4.25%			
			7/15/22	140,000	4.25%			
			7/15/23	145,000	4.375%	1,750,000		1,750,000
						<u>2,136,000</u>	<u>285,000</u>	<u>1,851,000</u>

ELK TOWNSHIP BOARD OF EDUCATION
Schedule of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2010

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance June 30, 2009	Retired	Balance June 30, 2010
			Principal	Interest				
School Bus	12/18/06	5 Years	65,000	8,333	4%-5%	45,000	15,000	30,000

ELK TOWNSHIP BOARD OF EDUCATION
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	224,003		224,003	224,003	
State Sources:					
Debt Service Aid Type II	184,942		184,942	184,942	
Total Revenues	408,945		408,945	408,945	
EXPENDITURES:					
Regular Debt Service:					
Interest	123,946		123,946	123,945	1
Redemption of Principal	285,000		285,000	285,000	
Total Expenditures	408,946		408,946	408,945	1
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1)		(1)		1
Fund Balance, July 1	1		1	1	
Fund Balance, June 30				1	1
Recapitulation of Excess (Deficiency) of Revenue Over (Under) Expenditures:					
Budgeted Fund Balance	(1)		(1)		1

INTRODUCTION TO THE STATISTICAL SECTION

ELK TOWNSHIP SCHOOL DISTRICT
Statistical Section

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Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	107-114
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Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	123-124
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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.

ELK TOWNSHIP BOARD OF EDUCATION
Net Assets by Component
Last Seven Fiscal Years
Unaudited

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
Governmental activities:							
Invested in capital assets, net of related	1,449,100	1,496,370	1,675,658	1,687,501	206,296	1,809,749	2,289,560
Restricted	325,516	513,253	492,861	347,481	2,256,182	1,153,832	481,780
Unrestricted	(3,901)	(56,813)	(28,140)	283,143	190,814	(33,070)	(76,070)
Total governmental activities net assets	<u>1,770,715</u>	<u>1,952,810</u>	<u>2,140,379</u>	<u>2,318,125</u>	<u>2,653,292</u>	<u>2,930,511</u>	<u>2,695,270</u>
Business-type activities:							
Invested in capital assets, net of related	19,445	17,305	22,484	11,702	10,118	8,841	7,431
Unrestricted	13,998	20,969	72,856	(495)	19,332	19,779	24,599
Total governmental activities net assets	<u>33,443</u>	<u>38,274</u>	<u>95,340</u>	<u>11,207</u>	<u>29,450</u>	<u>28,620</u>	<u>32,030</u>
District-wide:							
Invested in capital assets, net of related	1,468,545	1,513,675	1,698,142	1,699,203	216,414	1,818,590	2,296,991
Restricted	325,516	513,253	492,861	347,481	2,256,182	1,153,832	481,780
Unrestricted	10,097	(35,844)	44,716	282,648	210,146	(13,291)	(51,471)
Total district-wide net assets	<u>1,804,158</u>	<u>1,991,084</u>	<u>2,235,719</u>	<u>2,329,332</u>	<u>2,682,742</u>	<u>2,959,131</u>	<u>2,727,300</u>

Source: District records.

ELK TOWNSHIP BOARD OF EDUCATION
Changes in Net Assets
Last Seven Fiscal Years
Unaudited

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
Expenses:							
Governmental activities:							
Instruction:							
Regular	1,358,986	1,520,478	1,608,272	1,134,363	2,057,323	2,255,231	2,416,307
Special education	242,049	273,357	220,017	649,867	244,042	463,190	471,806
Other special instruction	5,448	67,377	112,713	226,276	621,397	367,528	473,059
Other instruction	3,300	3,233	3,450		3,977	5,022	8,065
Support services:							
Tuition	112,054	84,685	155,010	107,233	34,374	88,370	189,710
Student & instructional related services	524,260	525,760	438,091	482,103	682,920	660,251	710,587
School administration services	168,639	167,931	155,862	276,782	246,359	250,464	233,479
General & business administrative services	209,142	265,253	270,115	166,221	455,470	338,441	325,861
Plant operations & maintenance	293,865	291,754	308,436	371,268	513,518	473,721	481,198
Pupil transportation	244,586	327,072	353,573	376,006	398,689	347,231	340,483
Unallocated benefits	942,036	1,023,277	1,081,652	1,217,941			
Capital outlay	5,949		87,206	193,001		89,126	67,397
Interest on long-term debt	98,088	43,590	34,735	26,355	36,224	6,869	
Amortization of bond issue costs						1,657	1,657
Unallocated depreciation	203,512	119,950	151,880	159,314	27,032	36,157	64,941
Total governmental activities expenses	<u>4,411,914</u>	<u>4,713,717</u>	<u>4,981,012</u>	<u>5,386,730</u>	<u>5,321,325</u>	<u>5,383,258</u>	<u>5,784,550</u>
Business-type activities							
Food service	143,817	164,347	149,050	208,814	182,948	177,622	169,098
Total business-type activities expense	<u>143,817</u>	<u>164,347</u>	<u>149,050</u>	<u>208,814</u>	<u>182,948</u>	<u>177,622</u>	<u>169,098</u>
Total district-wide expenses	<u><u>4,555,731</u></u>	<u><u>4,878,064</u></u>	<u><u>5,130,062</u></u>	<u><u>5,595,544</u></u>	<u><u>5,504,273</u></u>	<u><u>5,560,880</u></u>	<u><u>5,953,648</u></u>

ELK TOWNSHIP BOARD OF EDUCATION
Changes in Net Assets
Last Seven Fiscal Years
Unaudited

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
Program revenues:							
Governmental activities:							
Charges for services					21,934	23,936	33,296
Operating grants & contributions	562,580	546,470	541,877	569,702	598,201	326,873	365,988
Total governmental activities program revenues	562,580	546,470	541,877	569,702	620,135	350,809	399,284
Business-type activities							
Charges for services:							
Food service	45,667	46,428	65,150	63,679	68,487	66,763	61,670
Operating grants & contributions:	49,534	67,887	70,680	65,717	66,421	68,888	76,788
Total business-type activities revenue	95,201	114,315	135,830	129,396	134,908	135,651	138,458
Total district program revenues	657,781	660,785	677,707	699,098	755,043	486,460	537,742
Net (Expense)/Revenue:							
Governmental activities	(3,849,334)	(4,167,247)	(4,439,135)	(4,817,028)	(4,701,190)	(5,032,449)	(5,385,266)
Business-type activities	(48,616)	(50,032)	(13,220)	(79,418)	(48,040)	(41,971)	(30,640)
Total district-wide net expense	(3,897,950)	(4,217,279)	(4,452,355)	(4,896,446)	(4,749,230)	(5,074,420)	(5,415,906)
General revenues & other changes in net assets:							
Governmental activities:							
Property taxes levied for general purposes	1,367,982	1,494,175	1,739,385	1,846,000	1,919,840	1,996,634	2,103,308
Taxes levied for debt service	198,744	202,825	139,503	194,845	179,916	174,559	224,003
Unrestricted grants & contributions	2,598,967	2,680,907	2,676,147	2,778,718	2,895,668	2,900,211	2,708,106
Tuition received	27,396	20,425	53,044	1,621	54,949	37,597	127,022
Transportation fees	31,594	54,157	61,954	74,164			
Investment earnings	4,682	3,924	5,608	30,110	36,136	26,367	7,305
Miscellaneous income	208	11,177	21,325	8,087	16,850	30,544	14,281
Transfers	(93,468)	(54,786)	(70,262)	(3,771)	(66,000)	(41,000)	(34,000)
Loss on disposal of assets		(63,462)					
Proceeds from capital lease				65,000			
Cost of issuance	(37,744)						
Bonds authorized not issued					578		
Premiums received on sale of bonds	11,034						
Accrued interest	2,728						
Interest expense	(7,596)				(1,579)		
Prior year asset correction						184,756	
Total governmental activities	4,104,527	4,349,342	4,626,704	4,994,774	5,036,358	5,309,668	5,150,025

ELK TOWNSHIP BOARD OF EDUCATION
Changes in Net Assets
Last Seven Fiscal Years
Unaudited

	Fiscal Year Ending June 30						
	2004	2005	2006	2007	2008	2009	2010
Business-type activities							
Miscellaneous income	28	77	24	7	282	141	50
Investment earnings				149			
Loss on retirement of asse				(8,643)			
Transfers	93,468	54,786	70,262	3,771	66,000	41,000	34,000
Total business-type activities	93,496	54,863	70,286	(4,716)	66,282	41,141	34,050
Total district-wide	4,198,023	4,404,205	4,696,990	4,990,058	5,102,640	5,350,809	5,184,075
Change in net assets:							
Governmental activities	255,193	182,095	187,569	177,746	335,168	277,219	(235,241)
Business-type activities	44,880	4,831	57,066	(84,134)	18,242	(830)	3,410
Total district-wide	300,073	186,926	244,635	93,612	353,410	276,389	(231,831)

Source: District records.

ELK TOWNSHIP BOARD OF EDUCATION
Fund Balances, Governmental Funds
Last Seven Fiscal Years
Unaudited

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
General fund:							
Reserved	196,563	106,234	228,565	412,705	555,762	814,306	503,949
Unreserved	180,464	308,981	294,023	271,335	294,087	97,629	10,133
Total general fund	<u>377,027</u>	<u>415,215</u>	<u>522,588</u>	<u>684,040</u>	<u>849,849</u>	<u>911,935</u>	<u>514,082</u>
All other governmental funds:							
Reserved						274,193	7,500
Unreserved, reported in:							
Special revenue fund	(14,229)	(14,229)	(14,229)	(14,229)	(16,804)	(6,545)	(6,764)
Capital projects fund	29,635	29,635	29,635	81,283	1,700,419	73,391	11,439
Debt service fund	10,710	102,411	22		1	1	1
Total all other governmental funds	<u>26,116</u>	<u>117,817</u>	<u>15,428</u>	<u>67,054</u>	<u>1,683,616</u>	<u>341,040</u>	<u>12,176</u>

Source: District records.

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

	Fiscal Year Ending June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:										
Tax levy	1,107,192	1,183,526	1,309,347	1,566,726	1,697,000	1,878,888	2,040,845	2,099,756	2,171,193	2,327,311
Tuition charges	14,000	19,312	7,757	27,396	20,425	53,044	1,621	54,949	37,597	127,022
Transportation fees	18,695	33,302	65,660	31,594	54,157	61,954	74,164			
Interest earnings	23,200	24,079	9,976	4,682	3,924	5,608	30,110	36,136	26,367	7,305
Miscellaneous	49,210	30,464	4,329	208	11,177	21,325	3,645	38,784	53,710	14,834
State sources	2,698,427	2,963,523	2,733,798	2,893,295	2,968,156	2,968,923	2,919,329	3,228,293	2,966,378	2,436,874
Federal sources	312,944	213,284	181,527	268,252	259,221	249,101	287,025	265,576	260,206	636,667
Total revenue	4,223,668	4,467,490	4,312,394	4,792,153	5,014,060	5,238,843	5,356,739	5,723,494	5,515,451	5,550,013
Expenditures:										
Instruction:										
Regular instruction	913,850	557,775	906,689	905,497	1,043,215	1,146,141	1,068,691	1,448,198	1,579,201	1,698,581
Special education instruction	621,652	1,093,976	702,558	695,509	755,556	685,412	649,867	175,962	341,042	336,082
Other	40,155	24,745	37,369	5,448	67,377	112,713	222,826	480,879	272,051	318,490
School sponsored/other instructional	9,958	15,150	9,550	3,300	3,233	3,450	3,450	2,775	3,450	5,884
Total instruction	1,585,615	1,691,646	1,656,166	1,609,754	1,869,381	1,947,716	1,944,834	2,107,814	2,195,744	2,359,037
Undistributed:										
Instruction	66,992	41,267	157,306	112,054	84,685	155,010	107,233	34,374	88,370	189,710
Student & instruction related services	415,424	439,899	566,080	524,260	525,760	438,091	480,953	460,874	499,423	517,332
General administration services	157,139	154,966	161,248	168,639	167,931	155,862	156,406	169,288	148,930	127,098
School administrative services	152,801	111,034	104,888	209,142	128,585	139,475	152,771	160,240	165,572	174,713
Central services					120,335	112,726	141,760	150,411	142,246	145,826
Administration information technology					16,333	17,914	24,461	19,030	7,134	6,521
Operations and maintenance	239,312	259,901	283,463	293,865	291,754	308,436	263,451	427,736	377,702	389,797
Student transportation	178,263	221,733	300,113	254,803	337,754	364,741	387,683	370,697	342,302	343,772
Business and other support services:										
Employee benefits	598,856	676,289	742,889	644,861	699,203	718,714	711,186	756,222	789,915	867,536
On-behalf T.P.A.F. pension contributic	50,784		81,329	162,323	170,656	210,062	344,889	358,647	148,060	173,575
Reimbursed T.P.A.F. social security	130,817	142,336	149,824	134,852	153,418	152,876	161,866	172,578	182,169	191,773
Total undistributed	1,990,388	2,047,425	2,547,140	2,504,799	2,696,414	2,773,907	2,932,659	3,080,097	2,891,823	3,127,653

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

	Fiscal Year Ending June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Capital outlay	261,716	72,645	890,846	38,169		87,206	177,075	116,419	1,350,619	347,095
Special schools									6,869	
Debt service expenditures:										
Principal	225,000	230,000	240,000	250,000	220,000	320,000	315,000	290,000	290,000	285,000
Interest	133,632	122,247	110,428	98,088	43,590	34,735	26,355	29,792	19,886	123,945
Total expenditures	4,196,351	4,163,963	5,444,580	4,500,810	4,829,385	5,163,564	5,395,923	5,624,122	6,754,941	6,242,730
Excess (Deficiency) of revenues over (under) expenditures	27,317	303,527	(1,132,186)	291,343	184,675	75,279	(39,184)	99,372	(1,239,490)	(692,717)
Other financing sources (uses):										
Proceeds from borrowing				13,422			256,000	1,750,578		
Extraordinary item		322,922	16,887					(1,579)		
Transfers out	(24,260)			(93,468)	(54,786)	(70,262)	(3,771)	(66,000)	(41,000)	(34,000)
Total other financing sources (uses)	(24,260)	322,922	16,887	(80,046)	(54,786)	(70,262)	252,229	1,682,999	(41,000)	(34,000)
Net change in fund balance	3,057	626,449	(1,115,299)	211,297	129,889	5,017	213,045	1,782,371	(1,280,490)	(726,717)
Debt service as a percentage of noncapital expenditures	9.11%	8.61%	7.70%	7.80%	5.46%	6.99%	6.54%	5.81%	5.73%	6.94%

Source: District records.

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Refunds</u>	<u>Miscellaneous</u>	<u>Sale of</u> <u>Assets</u>	<u>Services</u> <u>Provided</u> <u>Other LEA's</u>	<u>Annual Totals</u>
2001		13,210		36,000	49,210
2002		30,464			30,464
2003		4,329			4,329
2004		208			208
2005		11,177			11,177
2006		21,325			21,325
2007		3,645			3,645
2008	7,462	8,888		21,934	38,284
2009	11,515	19,029		22,666	53,210
2010	2,793	6,656	4,832		14,281
	<u>21,770</u>	<u>118,931</u>	<u>4,832</u>	<u>80,600</u>	<u>226,133</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
2001	9,189,200	114,745,300	11,533,600	4,181,100	14,482,800	813,500		154,945,500	758,080	155,703,580	159,961,126	0.771
2002	9,005,700	11,717,600	11,859,000	4,334,100	14,311,600	1,883,100		53,111,100	985,711	54,096,811	174,730,282	0.833
2003	11,078,200	123,501,100	11,450,800	4,279,000	15,641,100	813,500	74,500	166,838,200	1,093,359	167,931,559	195,675,027	0.909
2004	12,685,600	128,384,100	11,051,300	4,329,900	16,117,000	813,500		173,381,400	1,030,878	174,412,278	207,586,433	0.957
2005	10,854,400	139,700,900	11,109,300	4,352,800	16,383,900	813,500		183,214,800	929,096	184,143,896	236,387,595	0.954
2006	10,166,200	152,623,400	11,737,100	4,262,400	16,223,400	813,500		195,826,000	770,469	196,596,469	277,462,206	0.988
2007	23,642,500	301,100,300	24,557,900	4,295,700	25,429,300	1,137,400		380,163,100	1,126,105	381,289,205	326,320,260	0.542
2008	24,226,600	304,093,100	25,243,000	4,324,100	25,485,800	1,137,400		384,510,000	1,310,507	385,820,507	368,937,053	0.562
2009	23,663,000	311,873,900	25,622,600	4,369,000	27,731,500	1,137,400		394,397,400	1,421,103	395,818,503	368,937,053	0.588
2010	21,249,300	314,651,800	25,981,400	4,396,300	24,901,100	1,137,400		392,317,300	1,421,103	393,738,403	368,937,053	0.600

Source: Municipal Tax Assessor.

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

Fiscal Year Ended June 30,	Elk Township School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Delsea Regional School District	Elk Township	Gloucester County	
2001	0.603	0.158	0.761	0.771	0.714	0.681	2.927
2002	0.641	0.180	0.821	0.833	0.714	0.729	3.097
2003	0.765	0.168	0.933	0.909	0.728	0.778	3.348
2004	0.832	0.141	0.973	0.957	0.735	0.786	3.451
2005	0.882	0.139	1.021	0.954	0.721	0.876	3.572
2006	0.955	0.083	1.038	0.988	0.721	0.896	3.643
2007	0.493	0.058	0.551	0.542	0.444	0.509	2.046
2008	0.508	0.054	0.562	0.558	0.512	0.567	2.199
2009	0.531	0.057	0.588	0.575	0.549	0.586	2.298
2010	0.570	0.030	0.600	0.613	0.549	0.596	2.358

Source: Municipal Tax Collector.

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

	<u>2010</u>		<u>2001</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
SCP 2007-C27, LLC (CVS Caremark)	2,196,100	0.56%		
Verizon New Jersey	1,802,555	0.46%	758,080	0.50%
Western Oilfields Supply co.	1,140,600	0.29%	1,375,000	0.91%
Clayton Associates	1,137,400	0.29%	813,500	0.54%
Individual Taxpayer 1	1,056,300	0.27%	1,069,600	0.71%
Christy Enterprises LLC	1,037,800	0.26%		
Individual Taxpayer 2	936,200	0.24%	675,000	0.45%
Laux Lakeview Park Inc.	924,000	0.02%	2,318,800	1.49%
Laux Lakeview Park Inc.	924,000	0.22%	635,600	0.42%
Individual Taxpayer 3	867,000		650,000	0.43%
First National Bank of Elmer			669,000	0.44%
Silvergata Associates			608,100	0.40%
	<u>12,021,955</u>	<u>3.05%</u>	<u>9,572,680</u>	<u>6.29%</u>

Source: District CAFR and Municipal Tax Assessor.

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	
2001	1,107,192	1,107,192	100.00%	
2002	1,183,526	1,183,526	100.00%	
2003	1,309,347	1,309,347	100.00%	
2004	1,566,726	1,566,726	100.00%	
2005	1,697,000	1,697,000	100.00%	
2006	1,878,888	1,878,888	100.00%	
2007	2,040,845	2,040,845	100.00%	
2008	2,099,756	2,099,756	100.00%	
2009	2,171,193	2,171,193	100.00%	
2010	2,327,311	2,327,311	100.00%	

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	Per Capita
	General Obligation Bonds	Capital Leases			
2001	2,305,000		2,305,000	2.22%	654
2002	2,075,000		2,075,000	1.93%	585
2003	1,835,000	43,744	1,878,744	1.68%	521
2004	1,630,000	33,527	1,663,527	1.38%	452
2005	1,410,000	22,845	1,432,845	1.11%	378
2006	1,090,000	11,677	1,101,677	0.79%	284
2007	966,000	65,000	1,031,000	0.71%	262
2008	2,426,000	55,000	2,481,000	1.60%	624
2009	2,136,000	45,000	2,181,000	N/A	N/A
2010	1,851,000	30,000	1,881,000	N/A	N/A

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

N/A = Not available at the time of CAFR completion.

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			
2001	2,305,000		2,305,000	1.48%	654
2002	2,075,000		2,075,000	1.30%	585
2003	1,835,000		1,835,000	1.09%	509
2004	1,630,000		1,630,000	0.93%	443
2005	1,410,000		1,410,000	0.77%	372
2006	1,090,000		1,090,000	0.55%	281
2007	966,000		966,000	0.25%	246
2008	2,426,000		2,426,000	0.63%	610
2009	2,136,000		2,136,000	0.54%	533
2010	1,851,000		1,851,000	N/A	N/A

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

N/A = Not available at the time of CAFR completion.

ELK TOWNSHIP BOARD OF EDUCATION
Direct and Overlapping Governmental Activities Debt
As of June 30, 2010
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Elk	2,786,250	100.00%	2,786,250
Delsea Regional High School District	7,031,236	19.72%	1,386,560
Gloucester County General Obligation Debt	398,626,420	1.37%	5,461,182
Subtotal, overlapping debt			<u>9,633,992</u>
Township of Elk School District			1,851,000
Total direct and overlapping debt			<u><u>11,484,992</u></u>

Sour 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
	2007 362,681,836
	2008 380,627,598
	2009 398,099,727
	<u>1,141,409,161</u>
Average equalized valuation of taxable property	<u>380,469,720</u>
Debt limit (2.5% of average equalized value)	9,511,743
Total net debt applicable to limit	<u>1,851,000</u>
Legal debt margin	<u>7,660,743</u>

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	3,986,714	4,276,188	4,596,173	5,038,513	3,444,187	6,785,509	6,629,294	7,799,990	8,819,963	9,511,743
Total net debt applicable to limit	<u>2,305,000</u>	<u>2,075,000</u>	<u>1,835,000</u>	<u>1,630,000</u>	<u>1,410,000</u>	<u>1,090,000</u>	<u>966,000</u>	<u>2,426,000</u>	<u>2,136,000</u>	<u>1,851,000</u>
Legal debt margin	<u>1,681,714</u>	<u>2,201,188</u>	<u>2,761,173</u>	<u>3,408,513</u>	<u>2,034,187</u>	<u>5,695,509</u>	<u>5,663,294</u>	<u>5,373,990</u>	<u>6,683,963</u>	<u>7,660,743</u>
Total net debt applicable to the limit as a percentage of debt limit	57.82%	48.52%	39.92%	32.35%	40.94%	16.06%	14.57%	31.10%	24.22%	19.46%

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
2001	3,527	106,148,592	30,096	3.60%
2002	3,548	109,015,848	30,726	4.90%
2003	3,604	112,866,468	31,317	5.20%
2004	3,682	121,093,616	32,888	4.90%
2005	3,787	130,170,551	34,373	4.80%
2006	3,878	141,163,078	36,401	5.20%
2007	3,932	148,448,728	37,754	4.70%
2008	3,974	155,144,960	39,040	6.10%
2009	4,005	N/A	N/A	9.00%
2010	N/A	N/A	N/A	N/A

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

N/A = Not available at the time of CAFR completion.

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

<u>Employer</u>	<u>2010</u>		<u>2001</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Underwood Memorial Hospital	1,825	N/A	N/A	N/A
Washington Township School District	1,504	N/A	N/A	N/A
County of Gloucester	1,500	N/A	N/A	N/A
Rowan University	1,300	N/A	N/A	N/A
Kennedy Hospital	1,200	N/A	N/A	N/A
Missa Bay, LLC	950	N/A	N/A	N/A
U.S. Foodservices	800	N/A	N/A	N/A
Monroe Township School District	714	N/A	N/A	N/A
Goodwin Pumps	640	N/A	N/A	N/A
Valero	640	N/A	N/A	N/A
	<u>11,073</u>			

Source: Gloucester County Department of Economic Development and Employer Directly.

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

<u>Function/Program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Instruction										
Regular	22	24	25	22	22.0	24	24.5	31.0	30.0	29.1
Special education/Other special	5	3	3	3	2	2	9.5	12.5	13.5	13.5
Support Services										
Student & instruction related services	10	12	12	12	11	12	11	6.7	7.2	7.2
General administration	2	2	2	1	1	1	1.5	1.5	1.0	1.0
School administrative services	2	2	2	2	2	2	2	2.2	2.2	2.2
Business administrative/technology service	3	3	3	2	2	2	2	1.9	1.9	2.0
Plant operations & maintenance	3	3	3	3	3	3	9	6.5	6.0	6.0
Pupil transportation	7	7	7	7	7	7				
Food Service	4	4	4	4	4	4	1	0.2	0.2	
Total	<u>58.0</u>	<u>60</u>	<u>61</u>	<u>56</u>	<u>54</u>	<u>57</u>	<u>60.5</u>	<u>62.5</u>	<u>62.0</u>	<u>61.0</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				
2001	381	3,695,161	9,699	10.54%	32	1:12.7	381	363	-2.31%	95.28%
2002	384	3,739,071	9,737	0.40%	35	1:11.7	384	365	0.79%	95.05%
2003	383	4,211,105	10,995	12.92%	36	1:11.9	383	364	-0.26%	95.04%
2004	377	4,114,553	10,914	-0.74%	31	1:12.4	377	357	-1.57%	94.69%
2005	383	4,565,795	11,921	9.23%	30	1:12.9	383	365	1.59%	95.30%
2006	365	4,721,623	12,936	8.51%	33	1:11.7	365	349	-4.70%	95.62%
2007	368	4,877,494	13,254	2.46%	34	1:11.3	368	353	0.82%	95.92%
2008	373	5,187,911	13,909	4.94%	37	1:11.1	377	360	2.45%	95.49%
2009	376	5,067,567	13,478	-3.10%	36	1:11.2	377	361	0.00%	95.76%
2010	388	5,486,690	14,141	4.92%	N/A	N/A	387	370	2.65%	95.61%

Sour 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).

N/A = Not available from School District

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>Aura Elementary School</u>										
Square Feet	48,532	48,532	48,532	51,532	51,532	51,532	51,532	51,532	51,532	51,532
Capacity (student)	462	462	462	522	522	522	522	522	522	522
Enrollment	381	384	383	311	383	365	368	373	376	388

Number of Schools at June 30, 2010
 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		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total
	Footage											
Aura School	51,532	62,773	79,239	76,295	112,960	88,149	49,470	120,293	95,891	28,593	51,867	765,530

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

ELK TOWNSHIP BOARD OF EDUCATION
Insurance Schedule
June 30, 2010
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
Selective Insurance Company of America		
Property/Inland Marine/Auto Physical Damage	150,000,000	500
Crime	500,000	500
General Liability/Auto Liability	10,000,000	
Workmen's Compensation	Statutory	
Educator's Legal Liability	10,000,000	
Fireman's Fund Insurance Co.		
Commercial Umbrella	50,000,000	
Travelers Insurance Co.		
Boiler & Machinery	100,000,000	1,000
ACE American Insurance Company		
Commercial Pollution and Mold Legal Liability	3,000,000	25,000
Public employees' faithful performance bonds -		
Selective Insurance Co. of America		
Surety Bond - Treasurer	160,000	
Surety Bond - Board Secretary/Business Administrator	20,000	
Employee Dishonesty	10,000	

Source: District records.

SINGLE AUDIT SECTION

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

Honorable President and Members of the
Board of Education
Elk Township School District
County of Gloucester, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Elk Township School District, in the County of Gloucester, State of New Jersey, as of and for the year ended June 30, 2010, which collectively comprise the Elk Township School District's basic financial statements and have issued our report thereon dated September 16, 2010. We conducted our audit 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 audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Elk Township School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 Division of Finance, Department of Education, State of New Jersey.

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

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542

September 16, 2010

PETRONI & ASSOCIATES LLC

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

Honorable President and Members of the
Board of Education
Elk Township School District
County of Gloucester, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Elk Township School District, in the County of Gloucester, State of New Jersey, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the year ended June 30, 2010. Elk Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Elk Township School District's management. Our responsibility is to express an opinion on the Elk Township School District's compliance based on our audit.

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; OMB Circular A-133, *audits of States, Local Governments, and Non-Profit Organizations*; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the 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. Our audit does not provide a legal determination of Elk Township School District's compliance with those requirements.

In our opinion, the Elk Township School District, in the County of Gloucester, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2010.

Internal Control over Compliance

The management of the Elk Township School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Elk Township School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, 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 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 federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542

September 16, 2010

ELK TOWNSHIP BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2009	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2010			MEMO Cumulative Total Expenditures
				From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S.Department of Education															
General Fund:															
ARRA - SFSF - ESF (Educ. State Grant)	84.394	N/A	317,262	7/1/09	6/30/10			317,262	(317,262)						
ARRA - SFSF - GSF (Government Services)	84.397	N/A	12,282	7/1/09	6/30/10			12,282	(12,282)						
Medical Assistance Program (SEMI)	93.778	N/A	9,112	7/1/09	6/30/10			9,112	(9,112)						9,112
Total General Fund								338,656	(338,656)						
U.S.Department of Education															
Passed-through State Department of Education															
Special Revenue Fund:															
Title I, Part A	84.010	NCLB133010	86,373	9/1/09	8/31/10			60,640	(84,682)			(24,042)			84,682
Title I, Part A	84.010	NCLB133009	95,970	9/1/08	8/31/09	(27,272)		27,272							95,970
ARRA - Title I, Part A	84.389	ARRA133010	20,099	9/1/09	8/31/10			9,492	(9,558)			(66)			9,558
IDEA Part B, Basic Regular	84.027	FT133010	95,051	9/1/09	8/31/10			67,038	(93,846)			(26,808)			93,846
IDEA Part B, Basic Regular	84.027	FT133009	97,290	9/1/08	8/31/09	(17,337)		20,782	(3,445)						93,845
ARRA - IDEA Part B, Basic Regular	84.391	ARRA133010	81,314	9/1/09	8/31/10			54,659	(54,660)			(1)			54,660
IDEA Part B, Preschool	84.173	FT133010	2,715	9/1/09	8/31/10			2,184	(2,715)			(531)			2,715
IDEA Part B, Preschool	84.173	FT133009	2,710	9/1/08	8/31/09	(542)		542							2,710
ARRA - IDEA Part B, Preschool	84.392	ARRA133010	2,931	9/1/09	8/31/10			1,657	(1,657)						1,657
Title II Part A	84.367	NCLB133010	18,088	9/1/09	8/31/10			9,805	(14,709)			(4,904)			14,709
Title II Part A	84.367	NCLB133009	17,583	9/1/08	8/31/09	(3,038)		3,038							17,583
Title II Part D	84.318	NCLB133010	872	9/1/09	8/31/10			218	(872)			(654)			872
Title IV	84.186	NCLB133010	1,479	9/1/09	8/31/10			941	(1,479)			(538)			1,479
Teaching American History	84.300	U215X050070	1,066	7/1/09	6/30/10			1,066	(1,066)						1,066
Rural Education Achievement Program	84.358	S358A021526	29,322	7/1/09	6/30/10			25,584	(29,322)			(3,738)			29,322
Rural Education Achievement Program	84.358	S358A021526	27,586	7/1/08	6/30/09	(9,930)		9,930							27,586
Expanding & Enh. In-District Program															
Options for Stud. With Disabilities	N/A	07-FC02-H03	2,487	7/1/08	6/30/09	(48)		48							2,487
Total Special Revenue Fund						(58,167)		294,896	(298,011)			(61,282)			534,747
U.S.Department of Agriculture															
Passed-through State Department of Education:															
Enterprise Fund:															
Food Distribution Program	10.550	N/A	11,818	7/1/09	6/30/10			11,818	(10,115)				1,703		10,115
Food Distribution Program	10.550	N/A	9,751	7/1/08	6/30/09	664			(664)						9,020
School Breakfast Program	10.553	N/A	15,175	7/1/09	6/30/10			13,966	(15,175)			(1,209)			15,175
School Breakfast Program	10.553	N/A	14,523	7/1/08	6/30/09	(1,113)		1,113							14,523
National School Lunch Program	10.555	N/A	46,542	7/1/09	6/30/10			43,547	(46,542)			(2,995)			46,542
National School Lunch Program	10.555	N/A	40,104	7/1/08	6/30/09	(2,171)		2,171							40,104
Special Milk Program	10.556	N/A	809	7/1/09	6/30/10			753	(809)			(56)			809
Special Milk Program	10.556	N/A	1,176	7/1/08	6/30/09	(86)		86							1,176
Total Enterprise Fund						(2,706)		73,454	(73,305)			(4,260)	1,703		137,464
Total Federal Financial Awards						(60,873)		707,006	(709,972)			(65,542)	1,703		672,211

ELK TOWNSHIP BOARD OF EDUCATION
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2010

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2009				Adjustments/ Repayment of Prior Years' Balances	Balance June 30, 2010			MEMO		
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover (Walkover) Amount	Cash Received		Budgetary Expenditures	Accounts Receivable	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
Extraordinary Aid	10-100-034-5120-473	39,058	7/1/09	6/30/10					(39,058)		(39,058)			39,058	
Extraordinary Aid	09-100-034-5120-473	79,925	7/1/08	6/30/09	(79,925)			79,925						79,925	
Categorical Special Education Aid	10-495-034-5120-089	169,028	7/1/09	6/30/10				169,028	(169,028)					169,028	
Equalization Aid	10-495-034-5120-078	1,274,271	7/1/09	6/30/10				1,274,271	(1,274,271)			246,617		1,274,271	
Categorical Security Aid	10-495-034-5120-084	31,194	7/1/09	6/30/10				31,194	(31,194)					31,194	
Adjustment Aid	10-495-034-5120-085	199,243	7/1/09	6/30/10				199,243	(199,243)					199,243	
Categorical Transportation Aid	10-495-034-5120-014	103,862	7/1/09	6/30/10				103,862	(103,862)					103,862	
Reimbursement of Nonpublic Transportation	N/A	3,319	7/1/09	6/30/10							(3,319)			3,319	
Reimbursement of Nonpublic Transportation	N/A	3,431	7/1/08	6/30/09	(3,431)			3,431						3,431	
On-behalf TPAF Pension Contribution	10-495-034-5095-006	8,775	7/1/09	6/30/10				8,775	(8,775)					8,775	
On-behalf TPAF Postretirement Contribution	10-495-034-5095-001	164,800	7/1/09	6/30/10				164,800	(164,800)					164,800	
Reimbursed TPAF Social Security Aid	10-495-034-5095-002	191,773	7/1/09	6/30/10				182,410	(191,773)		(9,363)			191,773	
Reimbursed TPAF Social Security Aid	09-495-034-5095-002	182,169	7/1/08	6/30/09	(9,117)			9,117						182,169	
Total General Fund					(92,473)			2,226,056	(2,185,323)		(51,740)		246,617	2,450,848	
Special Revenue Fund:															
Preschool Education Act	10-495-034-5120-086	67,643	7/1/09	6/30/10				67,643	(67,643)				6,764	67,643	
Debt Services Fund:															
Debt Service Aid Type II	10-495-034-5120-017	184,942	7/1/09	6/30/10				184,942	(184,942)					184,942	
Total Debt Service Fund								184,942	(184,942)					184,942	
State Department of Agriculture															
Enterprise Fund:															
School Breakfast Program (State Share)	10-100-010-3350-021	1,111	7/1/09	6/30/10				1,024	(1,111)		(87)			1,111	
School Breakfast Program (State Share)	09-100-010-3350-021	1,105	7/1/08	6/30/09	(81)			81						1,105	
National School Lunch Program (State Share)	10-100-010-3350-023	2,372	7/1/09	6/30/10				2,219	(2,372)		(153)			2,372	
National School Lunch Program (State Share)	09-100-010-3350-023	2,229	7/1/08	6/30/09	(120)			120						2,229	
Total Enterprise Fund					(201)			3,444	(3,483)		(240)			6,817	
Total State Financial Assistance					(92,674)			2,482,085	(2,441,391)		(51,980)		253,381	2,710,250	

a = Prior year encumbrance canceled

ELK TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2010

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 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 last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 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 the last state aid payment 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 last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$815) for the general fund and \$219 for the special revenue fund. See 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 follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	338,656	2,184,508	2,523,164
Special Revenue Fund	298,011	67,424	365,435
Debt Service Fund		184,942	184,942
Food Service Fund	73,305	3,483	76,788
Total Awards & Financial Assistance	<u>709,972</u>	<u>2,440,357</u>	<u>3,150,329</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: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2010. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2010.

ELK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

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 financial statements noted? yes X no

Federal Awards

Internal Control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.394	ARRA - SFSF - ESF
10.555	National School Lunch

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes X no

ELK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Section I - Summary of Auditor's Results (cont'd)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$300,000

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: Unqualified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04? yes X no

Identification of major programs:

GMIS Number(s)
10-495-034-5120-078

Name of State Program
Equalization Aid

ELK TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Section II – Financial Statement Findings

No matters were reported.

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

No matters were reported

ELK TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

No matters were reported