

CLEMENTON SCHOOL DISTRICT



**CLEMENTON BOARD OF EDUCATION
CAMDEN COUNTY, NEW JERSEY**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

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INTRODUCTORY SECTION

Clementon School District

CLEMENTON BOARD OF EDUCATION

Audubon Avenue
Clementon, New Jersey 08021

Telephone: (856) 783-2300

Fax: (856) 783-8929

CLEMENTON ELEMENTARY SCHOOL

Audubon Avenue
Clementon, New Jersey 08021

Telephone: (856) 783-2300

Fax: (856) 783-8929

September 30, 2013

Honorable President and
Members of the Board of Education
Clementon School District
County of Camden, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Clementon School District (District) for the fiscal year ended June 30, 2013, 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 (Board). 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 operation of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section included this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non-profit Organizations", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: Clementon School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA statement No. 3. All funds and account groups of the District are included in this report. The Clementon Board of Education and its school constitute the District's reporting entity.

BOARD OF EDUCATION

The District provided educational services for grades Pre-Kindergarten through grade 8 in our building. Through a send/receive relationship with the Pine Hill School District, we provide programs for our students in grades 9-12, including Special Education. The district completed the 2012-2013 fiscal year with an enrollment of 452 students. The following details the changes in the student enrollment of the District over the last five years.

AVERAGE DISTRICT ENROLLMENT

<u>FISCAL YEAR</u>	<u>STUDENT ENROLLMENT</u>	<u>INCREASE/ DECREASE</u>	<u>PERCENT CHANGE</u>
2012-2013	452	-4	.01
2011-2012	456	-22	.05
2010-2011	478	-18	.04
2009-2010	496	-23	.05
2008-2009	519	6	0.1
2007-2008	513	-20	2.2
2006-2007	533	- 45	1.1
2005-2006	578	- 34	.0.6
2004-2005	612	9	0.2
2003-2004	604	21	3.7
2002-2003	583	1	< 0.1
2001-2002	582	66	12.8
2000-2001	516	25	5.0
1999-2000	491	9	0.2
1998-1999	482	4	0.1

2. ECONOMIC CONDITION AND OUTLOOK: The Borough of Clementon is considered to be small in size with an area of only two square miles. The Borough comprised approximately 1280 acres and is estimated to be 90% developed with 85% of the developed area being residential, 10% commercial and 5% industrial.

The history of the Borough of Clementon centers around its six lakes. In the early 1900's it was a favorite spot for summer vacationers with a bustling downtown area and its famed amusement park, Clementon Lake Park. Today, however, many of the stores and businesses have left the Borough in favor of shopping malls and large commercial office buildings. This has resulted in the majority of the land becoming residential. Population estimates of the Borough and the 2000 census reveal a decrease in the number of residents in recent years. Estimates of July 1, 1998 place the population at 5,399, while the 2000 census shows 4,850, a decrease of 10.1%. Borough officials cite the possibility of an inaccurate accounting from apartment residents as a cause for the decrease. An indication of this can be seen in the increase of students enrolled at Clementon School District. The average District enrollment has increased due to the dissolution of the Lower Camden County Regional School District Number One. Clementon now educates students through high school, entering into a send/receive relationship with the Pine Hill School District for our 9th through 12th graders. Our enrollment of Pre-K - 8th grade

students has decreased to 452 for the 2012-2013 school year. Clementon students enrolled at Overbrook High School in Pine Hill number 160.

3. MAJOR INITIATIVES: The district is preparing for the new teacher evaluation system. The district has adopted and implemented the Marzano teacher evaluation system. Clementon is following the requirements of ACHIEVE NJ. In addition, the district is implementing the new Student Growth Objectives (SGOs) that get linked to the teacher's overall summative evaluation.

The district has purchased mini iPads to assist teacher with inputting data. Some of the programs that we use this for include School Pace, Real Time, State Benchmark Assessments. This program allows teachers to work with students on their individual skills. All of these programs are aligned with the Common Core Standards.

The district has purchased new computers for our computer labs in anticipation of the new state test called PARCC.

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 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 recognized 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 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 these 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, test are made to determine the adequacy of the internal control structure, including that portion related to federal 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 capital improvements and 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 account 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 reservation of fund balance at June 30, 2013.

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. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

7. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Government 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.

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

9. OTHER INFORMATION: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Inverso & Stewart, CPAs, 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 of 1984 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the general-purpose financial statements 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 the report.

10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Clementon Board of Education for their concern in providing fiscal accountability to the citizens and taxpayer of the school district and thereby contributing full support to the development and maintenance of our financial operation.

BOARD OF EDUCATION

Respectfully submitted,

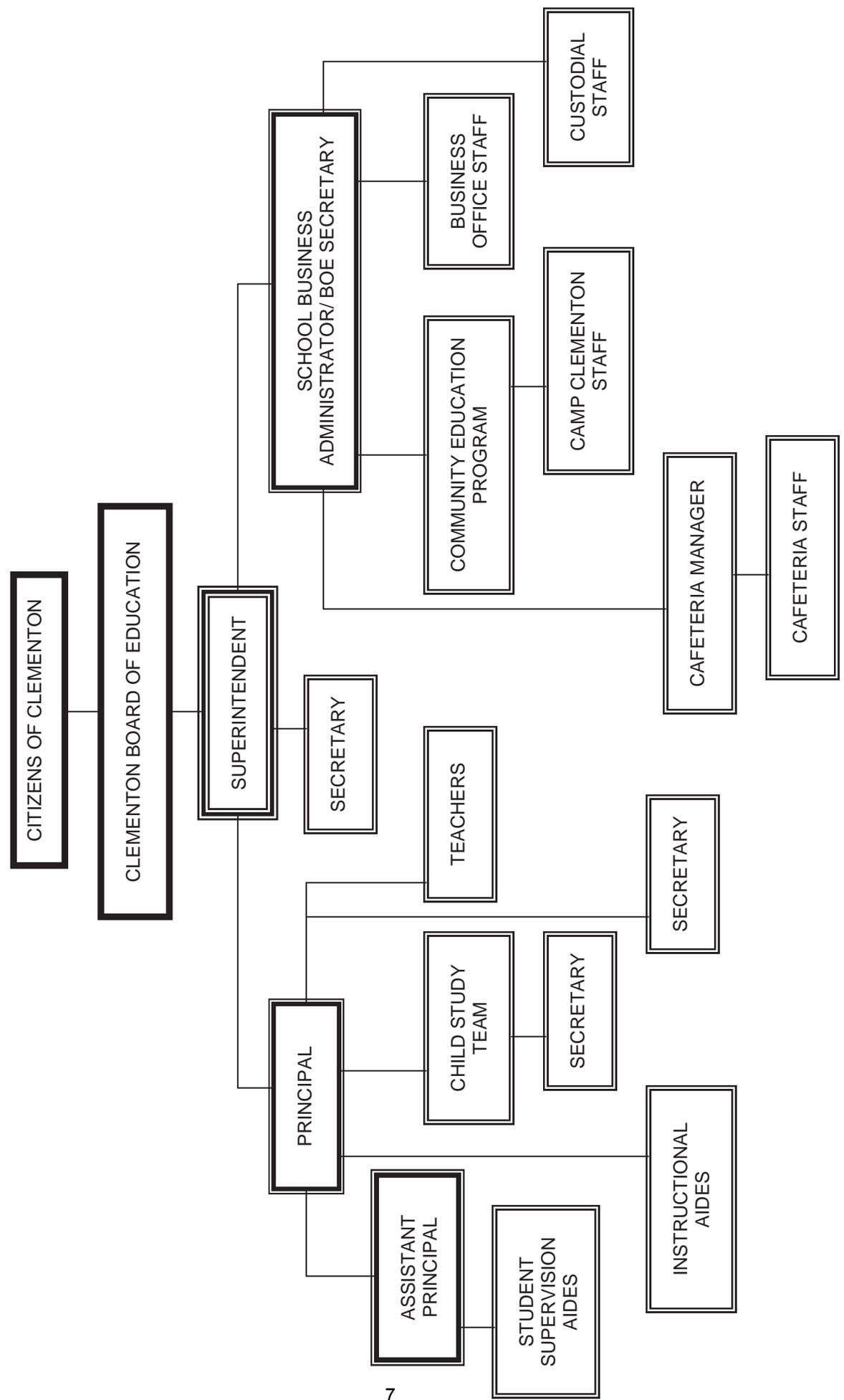


Lynn DiPietropolo
Superintendent/Principal



Joanne E. Clement
School Business Administrator/
Board Secretary

CLEMENTON BOARD OF EDUCATION
Organizational Chart



**CLEMENTON SCHOOL DISTRICT
CLEMENTON, NJ**

Roster of Officials

June 30, 2013

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Irene Buchalter, President	2014
Sara Paranzino, Vice President	2015
Virginia de Haan	2015
William Dilworth	2014
Randall Freiling	2014
Kathleen Rappold	2016
John Romer, Sr.	2015
Ellen Suckle	2015
William Weyland	2016

Other Officials

Mary Bakey, Treasurer of School Moneys

Lynn Marcus, Superintendent of Schools

Joanne Clement, School Business Administrator / Board Secretary

Frank Cavallo, Jr., Esq., Attorney

**CLEMENTON SCHOOL DISTRICT
CLEMENTON, NJ**

Consultants and Advisors

June 30, 2013

Auditor / Accountant

L. Jarred Corn, CPA, RMA, PSA
Bowman & Company LLP
601 White Horse Road
Voorhees, New Jersey 08043-2493

Attorney

Frank Cavallo, Jr., Esq.
Parker McCay
9000 Midlantic Drive, Suite 300
P.O. Box 5054
Mount Laurel, New Jersey 08054-1539

Official Depository

Beneficial Bank
530 Walnut Street
Philadelphia, Pennsylvania 19106-3696

Medical

Family Medicine Association
979 N. Black Horse Pike
Williamstown, New Jersey 08094

Insurance Broker

Brown & Brown Consulting Group
24 Arnett Avenue
Lambertville, New Jersey 08530

Burlington County Joint Insurance Pool
6000 Sagemore Drive, Suite 6203
P.O. Box 489
Marlton, New Jersey 08053

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Clementon School District
Clementon, New Jersey 08021

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clementon School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clementon School District in the County of Camden, State of New Jersey, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 1 to the financial statements, during the fiscal year ended June 30, 2013, the School District adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB): *Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and *Statement No. 65, Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters***Required Supplementary Information***

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clementon School District's basic financial statements. The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 2013 on our consideration of the Clementon School District'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Clementon School District's internal control over financial reporting and compliance.

Respectfully submitted,

BOWMAN & COMPANY LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

L. Jarred Corn

L. Jarred Corn
Certified Public Accountant
Public School Accountant No. CS 00219700

Voorhees, New Jersey
September 30, 2013

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Clementon School District
Clementon, New Jersey 08021

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clementon School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 30, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clementon School District's financial statements are free from 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 Administration and Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

BOWMAN & COMPANY LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

L. Jarred Corn

L. Jarred Corn
Certified Public Accountant
Public School Accountant No. CS 00219700

Voorhees, New Jersey
September 30, 2013

REQUIRED SUPPLEMENTARY INFORMATION
PART I

CLEMENTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

As management of the Clementon School District (hereafter referred to as the "School District"), we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the information furnished in our letter of transmittal, notes to the basic financial statements, and financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- The net position of the School District, which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources, totaled \$4,172,050.23 at the close of the current fiscal year. Of this amount, \$3,999,444.57 represents net position of governmental activities and \$172,605.66 for business-type activities.
- As of the close of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$1,458,259.11, a decrease of \$17,049.10, or one percent (1%), in comparison with the prior fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was (\$341,800.43), approximately an eight percent (8%) decrease from that of the prior fiscal year. Maintaining fund balance is vital for the School District's cash flow. The total fund balance for the special revenue fund decreased by \$6,216.49 at the end of the current fiscal year.
- The School District's total bonded debt decreased by \$245,000.00 as a result of budgeted debt payments and due to the refunding of the School District Bonds, Series 2005.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

This comprehensive annual financial report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. Fund financial statements for the governmental activities tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the School District's operations in more detail than the government-wide statements by providing information about the School District's most significant funds.

Reporting the School District as a Whole

One of the most important questions asked about the School District's finances is, "Is the School District as a whole better off or worse off as a result of the fiscal year's activities?" The statement of net position and the statement of activities report information about the School District as a whole and about its activities in a way that helps answer this question. These statements include *all* assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current fiscal year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's *net position* and changes in it. You can think of the School District's net position - which represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources - as one way to measure the School District's financial health, or *financial position*. Over time, *increases or decreases* in the School District's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the School District's property tax base and the condition of the School District's capital assets, to assess the *overall health* of the School District.

CLEMENTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

USING COMPREHENSIVE ANNUAL FINANCIAL REPORT (CONT'D)

Reporting the School District as a Whole (Cont'd)

In the statement of net position and the statement of activities, we divide the School District into two kinds of activities, those being governmental activities and business-type activities. In the governmental activities, this is where all of the School District's basic services are reported and are supported from property taxes and intergovernmental revenues. The business-type activities of the School District include a food service program and a Camp Clementon Community Education program and are supported from user fees and charges.

Reporting the School District's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds, not the School District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The School District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, capital projects fund, and debt service fund, which are all considered to be major funds.

The School District adopts an annual budget for its general fund, special revenue fund, and debt service fund. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

Proprietary Funds - The School District maintains one type of proprietary fund; that being an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The School District uses an enterprise fund to account for its food service and Camp Clementon Community Education programs.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the food service and Camp Clementon Community Education school programs, which are all considered to be major funds.

Fiduciary Funds - fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements - the notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

CLEMENTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

THE SCHOOL DISTRICT AS A WHOLE

During fiscal year 2013, the School District's net position increased by \$63,437.35, increasing from \$4,108,612.88 in fiscal year 2012 to \$4,172,050.23 in fiscal year 2013. Our analysis that follows focuses on the net position (Table 1) and changes in net position (Table 2) of the School District's governmental-type activities and business-type activities.

TABLE 1 NET POSITION						
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$ 1,577,820.45	\$ 1,631,899.79	\$ 112,457.30	\$ 88,214.09	\$ 1,690,277.75	\$ 1,720,113.88
Capital Assets	4,960,480.00	5,238,872.00	63,407.00	71,291.00	5,023,887.00	5,310,163.00
Total Assets	6,538,300.45	6,870,771.79	175,864.30	159,505.09	6,714,164.75	7,030,276.88
Deferred Outflows of Resources	66,030.38	-	-	-	66,030.38	-
Other Liabilities	131,297.28	136,533.87	3,258.64	1,530.00	134,555.92	138,063.87
Long-Term Liabilities Outstanding	2,473,588.98	2,783,600.13	-	-	2,473,588.98	2,783,600.13
Total Liabilities	2,604,886.26	2,920,134.00	3,258.64	1,530.00	2,608,144.90	2,921,664.00
Net Investment in Capital Assets	2,913,510.38	2,880,872.00	63,407.00	71,291.00	2,976,917.38	2,952,163.00
Restricted	1,696,504.64	1,791,768.00	-	-	1,696,504.64	1,791,768.00
Unrestricted	(610,570.45)	(722,002.21)	109,198.66	86,684.09	(501,371.79)	(635,318.12)
Total Net Position	\$ 3,999,444.57	\$ 3,950,637.79	\$ 172,605.66	\$ 157,975.09	\$ 4,172,050.23	\$ 4,108,612.88

In total, assets decreased by \$316,112.13, deferred outflows of resources increased by \$66,030.38, and liabilities decreased by \$313,519.10. The decrease in assets was primarily attributable to the disposal of capital assets. The increase in deferred outflows of resources was primarily attributable to the defeasance of a portion of the 2005 school bonds. The decrease in liabilities resulted from the refunding of the 2005 school bonds and from the budgeted debt payments.

The largest portion, or \$2,976,917.38, of the School District's total net position at the end of the current fiscal year reflects its net investment in capital assets (i.e., land, buildings, equipment). This component represents capital assets, net of accumulated depreciation, and net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets. The School District uses these assets to provide educational services to students; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional component of the School District's net position, approximately forty-one percent (41%), or \$1,696,504.64, represents resources that are restricted. These amounts consist of amounts restricted for debt service, tuition, emergencies, maintenance, excess surplus, and capital projects. Additional information on the School District's restricted net position can be found in note 20 in the notes to the financial statements.

The third and final component of net position is unrestricted. This component represents resources and uses that do not meet the criteria of the aforementioned two components of net position. At the end of the current fiscal year, the School District's unrestricted net position was in a deficit in the amount of \$501,371.79. The deficit is primarily due to the delay of the June state aid payments and the recording of long-term liabilities for early retirement incentive and compensated absences. See note 18 in the notes to the financial statements for further detail.

CLEMENTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

THE SCHOOL DISTRICT AS A WHOLE (CONT'D)

TABLE 2 CHANGES IN NET POSITION						
	Governmental Activities		Business-Type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
REVENUES:						
Program Revenues:						
Charges for Services	\$ 1,324.00	\$ 12,516.00	\$ 143,033.66	\$ 119,880.00	\$ 144,357.66	\$ 132,396.00
Operating Grants and Contributions	1,274,180.80	1,288,943.00	172,113.86	178,613.00	1,446,294.66	1,467,556.00
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes	3,918,979.00	3,842,137.00			3,918,979.00	3,842,137.00
Property Taxes, Levied for Debt Service	335,512.00	289,880.00			335,512.00	289,880.00
Federal and State Aid - Unrestricted	6,303,600.34	6,522,811.00			6,303,600.34	6,522,811.00
Federal and State Aid - Restricted	84,966.42				84,966.42	
Interest and Investment Earnings - Unrestricted	10,695.10	1,396.00	218.57	278.00	10,913.67	1,674.00
Interest and Investment Earnings - Restricted	1,163.76				1,163.76	
Miscellaneous	82,759.97	169,958.00			82,759.97	169,958.00
Total Revenues	<u>12,013,181.39</u>	<u>12,127,641.00</u>	<u>315,366.09</u>	<u>298,771.00</u>	<u>12,328,547.48</u>	<u>12,426,412.00</u>
EXPENSES:						
Instruction	3,558,413.23	3,505,575.21			3,558,413.23	3,505,575.21
Support Services	8,256,537.97	7,886,144.00			8,256,537.97	7,886,144.00
Transfer of Funds to Charter School	34,141.00	32,686.00			34,141.00	32,686.00
Interest on Long-Term Debt	86,173.01	131,850.00			86,173.01	131,850.00
Unallocated Depreciation	29,109.40	40,254.00			29,109.40	40,254.00
Loss on Disposal of Capital Assets		79,175.00				79,175.00
Food Service			255,227.12	246,037.91	255,227.12	246,037.91
Camp Clementon Community Education			45,508.40	69,873.00	45,508.40	69,873.00
Total Expenses	<u>11,964,374.61</u>	<u>11,675,684.21</u>	<u>300,735.52</u>	<u>315,910.91</u>	<u>12,265,110.13</u>	<u>11,991,595.12</u>
Change in Net Position	48,806.78	451,956.79	14,630.57	(17,139.91)	63,437.35	434,816.88
Net Position, July 1	<u>3,950,637.79</u>	<u>3,498,681.00</u>	<u>157,975.09</u>	<u>175,115.00</u>	<u>4,108,612.88</u>	<u>3,673,796.00</u>
Net Position, June 30	<u>\$ 3,999,444.57</u>	<u>\$ 3,950,637.79</u>	<u>\$ 172,605.66</u>	<u>\$ 157,975.09</u>	<u>\$ 4,172,050.23</u>	<u>\$ 4,108,612.88</u>

During fiscal year 2013, the School District's total revenues decreased by \$97,864.52, decreasing from \$12,426,412.00 in fiscal year 2012 to \$12,328,547.48 in fiscal year 2013. The net change in total revenues is largely attributable to the following:

- the Education Jobs Fund grant award was fully expended in the prior fiscal year
- property taxes (levied for general purposes and debt service) increased from fiscal year 2012 by \$122,474.00, or 3%
- miscellaneous income decreased from fiscal year 2012 by \$87,198.03, or 51%
- charges for services increased from fiscal year 2012 by \$11,961.66, or 9%

CLEMENTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

THE SCHOOL DISTRICT AS A WHOLE (CONT'D)

Property taxes constituted approximately thirty-five percent (35%) of total revenues for the School District for the fiscal year 2013. In addition, federal and state aid constituted approximately fifty-two percent (52%) of total revenues for the School District. Lastly, charges for services, operating grants and contributions, interest and investment earnings, and miscellaneous income constituted approximately thirteen percent (13%) of total revenues for the School District.

During fiscal year 2013, the School District's total expenses increased by \$273,515.01, increasing from \$11,991,595.12 in fiscal year 2012 to \$12,265,110.13 in fiscal year 2013. The increase is largely attributable to the following:

- support services increased from fiscal year 2012 by \$370,393.97, or 5%. This increase was primarily attributable to the increase in tuition and pupil transportation costs.

THE SCHOOL DISTRICT'S FUNDS

Governmental Funds

As the School District completed the fiscal year, its governmental funds reported a *combined* fund balance of \$1,458,259.11, which is lower than last fiscal year's total of \$1,475,308.21. Of the combined ending fund balances of \$1,458,259.11, the deficit unassigned fund balance was (\$348,016.92). The remainder of fund balance is restricted / assigned to indicate that it is not available for new spending because it has already been assigned as follows: (1) restricted for capital reserve (\$418,118.27), (2) restricted for tuition reserves (\$439,000.00), (3) restricted for emergency reserve (\$200,000.00), (4) restricted for maintenance reserve (\$75,000.00), (5) restricted for excess surplus (designated for subsequent year's expenditures) (\$554,626.00), (6) restricted for debt service (\$9,760.37), (7) assigned to liquidate contracts and purchase orders of the prior period (\$4,218.39), and (8) assigned to the fiscal year 2014 budget for subsequent year's expenditures (\$105,553.00).

General fund - The general fund is the general operating fund of the School District and is used to account for the inflows and outflows its of financial resources. The acquisition of certain capital assets, such as equipment, is accounted for in the general fund when it is responsible for the financing of such expenditures. At the end of the current fiscal year, unassigned fund balance of the general fund was in a deficit in the amount of \$341,800.43. As previously stated, the deficit is primarily due to the delay of the June state aid payments.

During the current fiscal year, the fund balance of the School District's general fund decreased by \$11,485.87. The primary factor affecting the fund balance of the general fund is as follows:

- federal sources of income decreased from fiscal year 2012 by \$222,887.16, or 92%
- local tax levy for fiscal year 2013 increased from fiscal year 2012 by \$76,842.00, or 2%
- tuition expenditures increased from fiscal year 2012 by \$86,362.99, or 2%
- pupil transportation expenditures increased from fiscal year 2012 by \$121,571.23, or 38%

Special revenue fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources, such as state or federal government grants, that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. At the end of the current fiscal year, unassigned fund balance of the special revenue fund was in a deficit in the amount of \$6,216.49. The primary factor affecting the fund balance of the special revenue fund is the delay of the June state aid payments for the preschool education aid.

Capital projects fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of major capital facilities, other than those financed by the proprietary funds. Generally, the financial resources of the capital projects fund are derived from New Jersey Economic Development Authority grants, temporary notes, or serial bonds, which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. There was no activity during the fiscal year ended June 30, 2013.

CLEMENTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

THE SCHOOL DISTRICT'S FUNDS (CONT'D)

Governmental Funds (Cont'd)

Debt service fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. For the current fiscal year, the School District expended \$31,000.00, \$345,000.00, and \$100,857.50 representing the payment of bond issuance costs, principal, and interest, respectively. At the end of the current fiscal year, restricted fund balance of the debt service fund was \$9,760.37.

The School District issued refunding bonds in the amount of \$1,753,000.00 during the fiscal year 2013 to advance refund \$1,653,000.00 of the April 1, 2005 general serial bonds.

Proprietary Funds

Food service fund - as the School District completed the fiscal year, the School District's total net position of the food service fund was \$124,780.94, which was comprised of \$63,407.00 of net investment in capital assets and \$61,373.94 of unrestricted net position.

During the current fiscal year, the fund balance of the School District's food service fund decreased by \$15,733.84. The primary factor affecting the fund balance of the food service fund is as follows:

- operating expenses increased from fiscal year 2012 by \$9,187.12, or 4%
- state and federal sources of income for fiscal year 2013 decreased from fiscal year 2012 by \$6,499.14, or 4%

Camp Clementon Community Education Fund - as the School District completed the fiscal year, the School District's total net position of the Camp Clementon Community Education Fund was unrestricted in the amount of \$47,824.72.

During the current fiscal year, the fund balance of the School District's Camp Clementon Community Education Fund increased by \$30,364.41. The primary factor affecting the fund balance of the Camp Clementon Community Education Fund is as follows:

- tuition and fees charged increased from fiscal year 2012 by \$17,416.24, or 30%
- personnel services - salaries expense for fiscal year 2013 decreased from fiscal year 2012 by \$26,887.10, or 43%

General Fund Budgetary Highlights

The School District did not have any budget modifications during the fiscal year ended June 30, 2013.

The final budgetary basis revenue estimate was \$10,330,902.00, which remained unchanged from the original budgeted estimate. Total budgeted revenues realized equaled \$11,030,659.34, which was \$699,757.34 in excess of the budget estimate, thus replenishing fund balance. This excess was directly attributable to the School District's reimbursed T.P.A.F. pension contributions (normal cost and post-retirement medical) and reimbursed T.P.A.F. social security contributions, which totaled \$475,438.00 and \$246,382.67, respectively.

The final budgetary basis expenditure appropriation estimate was \$10,902,982.00, which remained unchanged from the original budgeted estimate. Actual expenditures incurred of \$11,051,828.71 exceeded the final budget estimate by \$148,846.71. This excess was directly attributable to the School District's reimbursed T.P.A.F. pension contributions (normal cost and post-retirement medical) and reimbursed T.P.A.F. social security contributions, which totaled \$475,438.00 and \$246,382.67, respectively.

CLEMENTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

THE SCHOOL DISTRICT'S FUNDS (CONT'D)

Special Revenue Fund Budgetary Highlights

Differences between the original budget and the final modified budget totaled \$89,379.01 (increase in budgeted revenues and appropriations). The modifications resulted from approved increases in various federal and state awards which were not known at the time the annual budget was adopted at the March 26, 2012 school board public hearing.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The School District's net investment in capital assets for its governmental and business-type activities as of June 30, 2013 amounts to a historical cost of \$10,079,837.00, or \$5,023,887.00 net of accumulated depreciation (see Table 3). This net investment in capital assets includes land, land improvements, buildings and building improvements, and machinery and equipment. Net capital assets decreased by \$286,276.00 in fiscal year 2013 from fiscal year 2012. The primary factors affecting the decrease in net capital assets is as follows:

- current year depreciation expense was \$283,204.00
- the School District disposed of various machinery and equipment with a historical cost of \$334,125.00, which was fully depreciated at the time of disposal

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 178,131.00	\$ 178,131.00			\$ 178,131.00	\$ 178,131.00
Land Improvements	47,074.00	51,549.00			47,074.00	51,549.00
Buildings and Building Improvements	4,672,484.00	4,948,084.00			4,672,484.00	4,948,084.00
Machinery and Equipment	62,791.00	61,108.00	\$ 63,407.00	\$ 71,291.00	126,198.00	132,399.00
Total	\$ 4,960,480.00	\$ 5,238,872.00	\$ 63,407.00	\$ 71,291.00	\$ 5,023,887.00	\$ 5,310,163.00

Additional information on the School District's capital assets can be found in note 6.

Debt

General Serial Bonds. At the end of the current fiscal year, the School District had total bonded debt outstanding of \$2,113,000.00 from the School District Bonds, Series 1999, 2005, and 2013. The fiscal year 2013 adopted budget had an appropriation of \$345,000.00 representing the payment of the annual principal (refer to audit exhibit I-1, schedule of serial bonds, for more detail). During the fiscal year 2013, the School District issued refunding bonds in the amount of \$1,753,000.00 to advance refund \$1,653,000.00 of the April 1, 2005 general serial bonds.

CLEMENTON SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION (CONT'D)

Debt (Cont'd)

Early Retirement Incentive. At the end of the current fiscal year, the liability for the early retirement incentive was \$220,025.00. This amount represents the School District's accrued liability for its proportionate share of the "Regional High School Early Retirement Incentive Program". Additional information on the School District's liability can be found in note 7.

Compensated Absences. At the end of the current fiscal year, the liability for compensated absences was \$140,563.98. Compensated absences are those absences for which employees will be paid, such as sick leave. Additional information on compensated absences can be found in note 14.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the fiscal year 2013, the School District was able to sustain its budget through property taxes, federal and state sources, and other various revenue sources. Approximately thirty-five percent (35%) of total revenue is from property taxes, while sixty-five percent (65%) of the School District's revenue is from federal, state, and local sources. The fiscal year 2014 budget was adopted on March 25, 2013 by the Board.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Clementon School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Joanne Clement, School Business Administrator / Board Secretary, at the Clementon School District, 4 Audubon Avenue, Clementon, New Jersey 08012, or email at clemboe@clementon.k12.nj.us.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CLEMENTON SCHOOL DISTRICT
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 827,222.81	\$ 108,351.48	\$ 935,574.29
Internal Balances	8,929.43	(8,929.43)	
Accounts Receivable, net (note 4)	523,549.94	10,865.65	534,415.59
Inventory (note 5)		2,169.60	2,169.60
Restricted Assets:			
Temporarily Restricted:			
Cash and Cash Equivalents (note 20)	218,118.27		218,118.27
Capital Assets, net (note 6)	4,960,480.00	63,407.00	5,023,887.00
Total Assets	6,538,300.45	175,864.30	6,714,164.75
DEFERRED OUTFLOW OF RESOURCES:			
Deferred Loss on Defeasance of Debt	66,030.38	-	66,030.38
LIABILITIES:			
Accounts Payable	119,248.34		119,248.34
Accrued Interest Payable	11,735.94		11,735.94
Unearned Revenue	313.00	3,258.64	3,571.64
Noncurrent Liabilities (note 7):			
Due within One Year	440,437.29		440,437.29
Due beyond One Year	2,033,151.69		2,033,151.69
Total Liabilities	2,604,886.26	3,258.64	2,608,144.90
NET POSITION:			
Net Investment in Capital Assets	2,913,510.38	63,407.00	2,976,917.38
Restricted for (note 20):			
Debt Service	9,760.37		9,760.37
Tuition	439,000.00		439,000.00
Emergency	200,000.00		200,000.00
Maintenance	75,000.00		75,000.00
Excess Surplus	554,626.00		554,626.00
Capital Projects	418,118.27		418,118.27
Unrestricted (Deficit) (note 18)	(610,570.45)	109,198.66	(501,371.79)
Total Net Position	\$ 3,999,444.57	\$ 172,605.66	\$ 4,172,050.23

The accompanying notes to financial statements are an integral part of this statement.

CLEMENTON SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2013

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:							
Instruction:							
Regular	\$ 2,889,736.57		\$ 386,719.81		\$ (2,503,016.76)		\$ (2,503,016.76)
Special Education	633,144.98	\$ 1,324.00			(631,820.98)		(631,820.98)
Other Special Instruction	1,000.00				(1,000.00)		(1,000.00)
Other Instruction	34,531.68				(34,531.68)		(34,531.68)
Support Services:							
Tuition	3,795,588.99				(3,795,588.99)		(3,795,588.99)
Student and Instruction Related Services	806,058.08		140,260.74		(665,797.34)		(665,797.34)
Other Administrative Services	386,628.47				(386,628.47)		(386,628.47)
School Administrative Services	353,764.89				(353,764.89)		(353,764.89)
Plant Operations and Maintenance	517,495.86				(517,495.86)		(517,495.86)
Pupil Transportation	442,717.23				(442,717.23)		(442,717.23)
Unallocated Benefits	1,954,284.45		721,820.67		(1,232,463.78)		(1,232,463.78)
Transfer of Funds to Charter School	34,141.00				(34,141.00)		(34,141.00)
Interest on Long-Term Debt	86,173.01		25,379.58		(60,793.43)		(60,793.43)
Unallocated Depreciation	29,109.40				(29,109.40)		(29,109.40)
Total Governmental Activities	11,964,374.61	1,324.00	1,274,180.80	-	(10,688,869.81)	-	(10,688,869.81)
Business-Type Activities:							
Food Service	255,227.12	67,379.42	172,113.86			\$ (15,733.84)	(15,733.84)
Camp Clementon Community Education	45,508.40	75,654.24				30,145.84	30,145.84
Total Business-Type Activities	300,735.52	143,033.66	172,113.86	-	-	14,412.00	14,412.00
Total Primary Government	\$ 12,265,110.13	\$ 144,357.66	\$ 1,446,294.66	-	(10,688,869.81)	14,412.00	(10,674,457.81)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					3,918,979.00		3,918,979.00
Property Taxes, Levied for Debt Service					335,512.00		335,512.00
Federal and State Aid - Unrestricted					6,303,600.34		6,303,600.34
Federal and State Aid - Restricted					84,966.42		84,966.42
Interest and Investment Earnings - Unrestricted					10,695.10	218.57	10,913.67
Interest and Investment Earnings - Restricted					1,163.76		1,163.76
Miscellaneous					82,759.97		82,759.97
Total General Revenue					10,737,676.59	218.57	10,737,895.16

(Continued)

CLEMENTON SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2013

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Change in Net Position					\$ 48,806.78	\$ 14,630.57	\$ 63,437.35
Net Position, July 1					3,950,637.79	157,975.09	4,108,612.88
Net Position, June 30					<u>\$ 3,999,444.57</u>	<u>\$ 172,605.66</u>	<u>\$ 4,172,050.23</u>

The accompanying notes to financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CLEMENTON SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and Cash Equivalents	\$ 817,462.44			\$ 9,760.37	\$ 827,222.81
Property Tax Levy Receivable	354,540.91				354,540.91
Interfunds Account Receivable:					
Special Revenue Fund	71,260.17				71,260.17
Enterprise Fund	8,929.43				8,929.43
Intergovernmental Accounts Receivable:					
Federal		\$ 96,563.03			96,563.03
State	71,122.00				71,122.00
Other Accounts Receivable	1,324.00				1,324.00
Cash and Cash Equivalents - Restricted	218,118.27				218,118.27
	<u>218,118.27</u>				<u>218,118.27</u>
Total Assets	<u>\$ 1,542,757.22</u>	<u>\$ 96,563.03</u>	<u>-</u>	<u>\$ 9,760.37</u>	<u>\$ 1,649,080.62</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Interfunds Account Payable:					
General Fund		\$ 71,260.17			\$ 71,260.17
Accounts Payable	\$ 88,041.99	31,206.35			119,248.34
Unearned Revenue		313.00			313.00
	<u>88,041.99</u>	<u>102,779.52</u>	<u>-</u>	<u>-</u>	<u>190,821.51</u>
Total Liabilities	<u>88,041.99</u>	<u>102,779.52</u>	<u>-</u>	<u>-</u>	<u>190,821.51</u>

(Continued)

CLEMENTON SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
LIABILITIES AND FUND BALANCES (CONT'D):					
Fund Balances (note 20):					
Restricted:					
Capital Reserve	\$ 418,118.27				\$ 418,118.27
Tuition Reserve - Designated for Subsequent Year's Expenditures	239,000.00				239,000.00
Tuition Reserve	200,000.00				200,000.00
Emergency Reserve	200,000.00				200,000.00
Maintenance Reserve	75,000.00				75,000.00
Excess Surplus - Designated for Subsequent Year's Expenditures	554,626.00				554,626.00
Debt Service				\$ 9,760.37	9,760.37
Assigned:					
Other Purposes	4,218.39				4,218.39
Designated for Subsequent Year's Expenditures	105,553.00				105,553.00
Unassigned (Deficit) (note 19)	<u>(341,800.43)</u>	<u>\$ (6,216.49)</u>			<u>(348,016.92)</u>
Total Fund Balances	<u>1,454,715.23</u>	<u>(6,216.49)</u>	<u>-</u>	<u>9,760.37</u>	1,458,259.11
Total Liabilities and Fund Balances	<u>\$ 1,542,757.22</u>	<u>\$ 96,563.03</u>	<u>-</u>	<u>\$ 9,760.37</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$9,941,807.00, and the accumulated depreciation is \$4,981,327.00.

4,960,480.00

CLEMENTON SCHOOL DISTRICT

Balance Sheet
Governmental Funds
Total Net Position

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because (Cont'd):

Deferred loss on defeasance of debt is a consumption of net position that is applicable to a future reporting period and therefore is not reported in the funds.	\$ 66,030.38
Accrued interest payable on long-term debt is not due and payable in the current period and therefore is not reported in the funds.	(11,735.94)
Long-term liabilities, including bonds payable, compensated absences payable, and early retirement incentive, are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,473,588.98)</u>
Net Position of Governmental Activities	<u><u>\$ 3,999,444.57</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CLEMENTON SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES:					
Local Tax Levy	\$ 3,918,979.00			\$ 335,512.00	\$ 4,254,491.00
Tuition Charges	1,324.00				1,324.00
Interest Earned on Capital Reserve Funds	1,163.76				1,163.76
Unrestricted Miscellaneous Revenues	93,455.07				93,455.07
Federal Sources	18,267.84	\$ 410,481.65			428,749.49
State Sources	7,007,153.17	116,498.90		110,346.00	7,233,998.07
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	11,040,342.84	526,980.55	-	445,858.00	12,013,181.39
EXPENDITURES:					
Current:					
Regular Instruction	2,291,208.42	392,936.30			2,684,144.72
Special Education Instruction	636,778.17				636,778.17
Other Special Instruction	1,000.00				1,000.00
Other Instruction	34,531.68				34,531.68
Support Services and Undistributed Costs:					
Tuition	3,795,588.99				3,795,588.99
Student and Instruction Related Services	665,797.34	140,260.74			806,058.08
Other Administrative Services	277,725.07			31,000.00	308,725.07
School Administrative Services	353,764.89				353,764.89
Plant Operations and Maintenance	455,390.30				455,390.30
Pupil Transportation	442,717.23				442,717.23
Unallocated Benefits	2,017,492.46				2,017,492.46
Capital Outlay	45,693.16				45,693.16
Transfer of Funds to Charter Schools	34,141.00				34,141.00

(Continued)

CLEMENTON SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
EXPENDITURES (CONT'D):					
Debt Service:					
Principal				\$ 345,000.00	\$ 345,000.00
Interest and Other Charges				100,857.50	100,857.50
Total Expenditures	<u>\$ 11,051,828.71</u>	<u>\$ 533,197.04</u>	<u>-</u>	<u>476,857.50</u>	<u>12,061,883.25</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(11,485.87)</u>	<u>(6,216.49)</u>	<u>-</u>	<u>(30,999.50)</u>	<u>(48,701.86)</u>
OTHER FINANCING SOURCES (USES):					
Proceeds of Refunding Bonds				1,753,000.00	1,753,000.00
Payment to Refunded Bond Escrow Agent				(1,721,347.24)	(1,721,347.24)
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,652.76</u>	<u>31,652.76</u>
Net Change in Fund Balances	(11,485.87)	(6,216.49)	-	653.26	(17,049.10)
Fund Balance, July 1	<u>1,466,201.10</u>	<u>-</u>	<u>-</u>	<u>9,107.11</u>	<u>1,475,308.21</u>
Fund Balance (Deficit), June 30	<u><u>\$ 1,454,715.23</u></u>	<u><u>\$ (6,216.49)</u></u>	<u><u>-</u></u>	<u><u>\$ 9,760.37</u></u>	<u><u>\$ 1,458,259.11</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CLEMENTON SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2013

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Governmental Funds \$ (17,049.10)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	\$ (291,088.00)	
Capital Outlays	<u>12,696.00</u>	
		(278,392.00)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items. 264,552.24

In the statement of activities, certain operating expenses, (e.g., compensated absences, early retirement incentive, interest on debt), are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). This amount is the net effect of these differences in the treatment of these items. 79,695.64

Change in Net Position of Governmental Activities \$ 48,806.78

The accompanying notes to financial statements are an integral part of this statement.

CLEMENTON SCHOOL DISTRICT
 Statements of Net Position
 Proprietary Funds
 Business-Type Activities - Enterprise Funds
 June 30, 2013

	<u>Food Service</u>	<u>Camp Clementon Community Education</u>
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 56,838.34	\$ 51,513.14
Intergovernmental Accounts Receivable:		
Federal	10,475.02	
State	390.63	
Inventory	<u>2,169.60</u>	
Total Current Assets	<u>69,873.59</u>	<u>51,513.14</u>
Noncurrent Assets:		
Capital Assets:		
Machinery and Equipment	138,030.00	
Less: Accumulated Depreciation	<u>(74,623.00)</u>	
Total Capital Assets (Net of Accumulated Depreciation)	<u>63,407.00</u>	<u>-</u>
Total Noncurrent Assets	<u>63,407.00</u>	<u>-</u>
Total Assets	<u>133,280.59</u>	<u>51,513.14</u>
LIABILITIES:		
Current Liabilities:		
Intergovernmental Accounts Payable:		
General Fund	6,781.01	2,148.42
Unearned Revenue	<u>1,718.64</u>	<u>1,540.00</u>
Total Current Liabilities	<u>8,499.65</u>	<u>3,688.42</u>
Total Liabilities	<u>8,499.65</u>	<u>3,688.42</u>
NET POSITION:		
Net Investment in Capital Assets	63,407.00	
Unrestricted	<u>61,373.94</u>	<u>47,824.72</u>
Total Net Position	<u>\$ 124,780.94</u>	<u>\$ 47,824.72</u>

The accompanying notes to financial statements are an integral part of this statement.

CLEMENTON SCHOOL DISTRICT
 Statements of Revenues, Expenses, and Changes in Fund Net Position
 Proprietary Funds
 Business-Type Activities - Enterprise Funds
 For the Fiscal Year Ended June 30, 2013

	<u>Food Service</u>	<u>Camp Clementon Community Education</u>
OPERATING REVENUES:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 40,686.97	
Daily Sales - Non-Reimbursable Programs	22,863.10	
Special Functions	2,340.09	
Tuition and Fees		\$ 75,569.24
Miscellaneous	<u>1,489.26</u>	<u>85.00</u>
Total Operating Revenues	<u>67,379.42</u>	<u>75,654.24</u>
OPERATING EXPENSES:		
Food Service Management Company Salaries	81,967.80	
Personnel Services - Salaries	6,299.13	35,068.90
Food Service Management Company Employee Benefits	35,492.53	
Personnel Services - Employee Benefits	481.88	2,682.77
Other Purchased Services	19,538.39	1,156.98
Supplies and Materials	9,243.24	6,599.75
Depreciation	7,884.00	
Cost of Sales	92,442.50	
Miscellaneous Expenditures	<u>1,877.65</u>	
Total Operating Expenses	<u>255,227.12</u>	<u>45,508.40</u>
Operating Income (Loss)	<u>(187,847.70)</u>	<u>30,145.84</u>
NONOPERATING REVENUES (EXPENSES):		
State Sources:		
State School Lunch Program	3,110.77	
Federal Sources:		
National School Breakfast Program	27,379.02	
National School Lunch Program	124,038.29	
Food Distribution Program	17,585.78	
Interest and Investment Revenue		<u>218.57</u>
Total Nonoperating Revenues (Expenses)	<u>172,113.86</u>	<u>218.57</u>
Change in Net Position	(15,733.84)	30,364.41
Net Position, July 1	<u>140,514.78</u>	<u>17,460.31</u>
Net Position, June 30	<u>\$ 124,780.94</u>	<u>\$ 47,824.72</u>

The accompanying notes to financial statements are an integral part of this statement.

CLEMENTON SCHOOL DISTRICT
 Statements of Cash Flows
 Proprietary Funds
 Business-Type Activities - Enterprise Funds
 For the Fiscal Year Ended June 30, 2013

	<u>Food Service</u>	<u>Camp Clementon Community Education</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Customers and Users	\$ 67,379.42	\$ 75,664.24
Payments to Suppliers	(241,946.39)	(7,756.73)
Payments to Employees		(33,073.15)
Payments for Employee Benefits		(2,530.10)
Net Cash Provided by (Used for) Operating Activities	<u>(174,566.97)</u>	<u>32,304.26</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Federal Sources	168,089.57	
State Sources	<u>2,868.39</u>	
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>170,957.96</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends		<u>218.57</u>
Net Cash Provided by (Used for) Investing Activities	<u>-</u>	<u>218.57</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,609.01)	32,522.83
Balances, July 1	<u>60,447.35</u>	<u>18,990.31</u>
Balances, June 30	<u>\$ 56,838.34</u>	<u>\$ 51,513.14</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ (187,847.70)	\$ 30,145.84
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	7,884.00	
(Increase) Decrease in Inventories for Consumption	(49.82)	
(Increase) Decrease in Inventories for Resale	(1,334.46)	
Increase (Decrease) in Interfund Accounts Payable	6,781.01	2,148.42
Increase (Decrease) in Unearned Revenue		10.00
Total Adjustments	<u>13,280.73</u>	<u>2,158.42</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (174,566.97)</u>	<u>\$ 32,304.26</u>

The accompanying notes to financial statements are an integral part of this statement.

CLEMENTON SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Private-Purpose Trust Funds			Agency Funds	
	Unemployment Compensation <u>Trust</u>	Flexible Benefits <u>Trust</u>	Scholarship <u>Fund</u>	Student <u>Activity</u>	<u>Payroll</u>
ASSETS:					
Cash and Cash Equivalents	\$ 66,288.71	\$ 1,093.54	\$ 10,185.45	\$ 25,270.37	\$ 16,253.32
Total Assets	66,288.71	1,093.54	10,185.45	\$ 25,270.37	\$ 16,253.32
LIABILITIES:					
Intergovernmental Accounts Payable:					
State	7,287.87				
Payable to Student Groups				\$ 25,270.37	
Payroll Deductions and Withholdings					\$ 16,253.32
Total Liabilities	7,287.87	-	-	\$ 25,270.37	\$ 16,253.32
NET POSITION:					
Held in Trust for Unemployment Claims and Other Purposes	\$ 59,000.84	\$ 1,093.54	\$ 10,185.45		

The accompanying notes to financial statements are an integral part of this statement.

CLEMENTON SCHOOL DISTRICT
Statement of Changes in Fiduciary Fund Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2013

	Private-Purpose Trust Funds		
	Unemployment Compensation <u>Trust</u>	Flexible Benefits <u>Trust</u>	Scholarship <u>Fund</u>
ADDITIONS:			
Contributions:			
From Board	\$ 30,000.00		
Other	<u>7,175.48</u>	<u>\$ 11,286.64</u>	
Total Contributions	<u>37,175.48</u>	<u>11,286.64</u>	<u>-</u>
Investment Earnings:			
Interest and Dividends	<u>270.92</u>	<u>9.11</u>	<u>\$ 44.70</u>
Net Investment Earnings	<u>270.92</u>	<u>9.11</u>	<u>44.70</u>
Total Additions	<u>37,446.40</u>	<u>11,295.75</u>	<u>44.70</u>
DEDUCTIONS:			
Claims	<u>28,461.90</u>	<u>11,091.67</u>	
Total Deductions	<u>28,461.90</u>	<u>11,091.67</u>	<u>-</u>
Change in Net Position	8,984.50	204.08	44.70
Net Position, July 1 (note 21)	<u>50,016.34</u>	<u>889.46</u>	<u>10,140.75</u>
Net Position, June 30	<u><u>\$ 59,000.84</u></u>	<u><u>\$ 1,093.54</u></u>	<u><u>\$ 10,185.45</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CLEMENTON SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Clementon School District (the "School District") have been prepared to conform with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant of these policies.

Description of the Reporting Entity

The School District is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education (the "Board"). The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The Superintendent is appointed by the Board to act as executive officer of the School District. The purpose of the School District is to educate students in grades kindergarten through eighth at its one school. Students in grades nine through twelve attend, on a tuition basis, the Pine Hill School District. The School District has an approximate enrollment at June 30, 2013 of 468.

The primary criterion for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

Component Units

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, provide guidance that all entities associated with a primary government are potential component units, and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39. In addition, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. In addition, GASB Statement No. 61 clarifies the manner in which component units are presented (discretely presented, blended, or included in the fiduciary fund financial statements).

Based on the aforementioned, the School District has determined that no component units exist for the fiscal year ended June 30, 2013.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide financial statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements - The School District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

The governmental funds are accounted for on the "flow of current financial resources" measurement focus. This measurement focus is based on the concept of accountability, which includes measuring interperiod equity whether current year revenues were sufficient to pay for current year services. The proprietary fund is accounted for on an "economic resources" measurement focus. Accordingly, statement of revenues, expenses and changes in fund net position for the proprietary fund reports increases and decreases in total economic worth. The private-purpose trust fund is reported using the economic resources measurement focus.

Governmental Funds - Governmental funds are those through which most School District functions are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related liabilities, except those accounted for in the proprietary fund and fiduciary funds, are accounted for through the governmental funds. The measurement focus is upon determination of changes in financial resources rather than upon determination of net income. The following are the School District's major governmental funds:

General Fund - The general fund is the primary operating fund of the School 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 classified in the capital outlay sub-fund.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)****Fund Financial Statements (Cont'd) -****Governmental Funds (Cont'd) -**

General Fund (Cont'd) - As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America, 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, ad valorem tax revenues, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes, or serial bonds which 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 and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Proprietary Funds

Proprietary funds are used to account for the School District's ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All items not meeting this definition are reported as nonoperating revenues and expenses.

The School District maintains the following enterprise funds:

Food Service Fund - This fund accounts for the financial transactions related to the food service operations of the School District.

Camp Clementon Community Education Fund - This fund accounts for the financial activity related to the providing of day care services for students before and after school, and during the summer months.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)****Fund Financial Statements (Cont'd)****Fiduciary Funds**

Fiduciary funds are used to account for assets held by the School District on behalf of outside related organizations or on behalf of other funds within the School District. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The School District maintains the following fiduciary funds:

Agency Funds - Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). The School District retains no equity interest in these funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District maintains the following agency funds: student activity fund and payroll fund.

Private-Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for all other trust arrangements that benefit individuals, private organizations, or other governments. The School District maintains the following private-purpose trust funds:

New Jersey Unemployment Compensation Insurance Trust Fund - Revenues consist of contributions that have been included in the annual budget of the School District, employee payroll withholdings, and interest income. Expenditures represent claims incurred for unemployment.

Flexible Benefits Trust Fund - Revenues consist of volunteer pre-tax employee payroll withholdings for the purpose of paying for qualified medical expenses, and interest income. Expenditures represent reimbursements to employees for qualified medical expenses.

Scholarship Fund - Revenues consist of donations and interest income. Expenditures represent scholarships, which are awarded annually, to two high school graduating students who will be continuing their post-secondary education in interior design (i.e., computer assisted drawing, drafting, furniture and cabinetry making, architecture, and engineering). Such scholarships are awarded in accordance with the trust requirements.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Modified Accrual

Under the modified accrual basis, revenues are recognized in the accounting period in which they become susceptible to accrual, i.e. both available and measurable. "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. Significant revenues susceptible to accrual include ad valorem taxes, reimbursable-type grants, and interest on investments. The School District considers all revenues, with the exception of the expenditure-driven grants, as available if they are collected within sixty (60) days after fiscal year-end. The expenditure driven grants are considered available if received within one fiscal year from the balance sheet date. Property tax revenue is recognized when taxes are received, except at fiscal year-end when revenue is recognized for taxes received by the School District within sixty (60) days subsequent to fiscal year end. Expenditures are recognized in the accounting period in which the liability is incurred. However, exceptions include the amount of unmatured principal and interest on general long-term debt, compensated absences, claims and judgments and certain prepaids which are recognized when due / paid.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)****Basis of Accounting (Cont'd)****Modified Accrual (Cont'd)**

In applying the susceptible to accrual concept to revenues from federal and state sources, the legal contractual requirements of the numerous individual programs are used as guidance. Revenue from grants and entitlements is recognized when all eligibility requirements have been satisfied. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before the School District will receive any amounts; therefore, revenues are recognized based on the occurrence of expenditures. In the other type, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed legal and contractual requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. In cases where monies are received and all eligibility requirements, including timing, have been satisfied, but the occurrence of expenditure has yet to happen, amounts are reported as unearned revenue. Conversely, where monies are received but eligibility requirements, including timing, have yet to be satisfied, such amounts are reported as deferred inflows of resources.

Accrual

Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred.

Revenue Recognition

Property Taxes - Ad valorem (property) taxes are susceptible to accrual. As 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 School 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 School District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Budgets / Budgetary Control

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)****Budgets / Budgetary Control (Cont'd)**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only, and the special revenue fund. 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, school 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 bill provides legal authority for school districts to recognize this revenue in the current budget year. 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 budgetary basis. The budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The budget, as detailed on exhibit C-1, exhibit C-2, and exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting, as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows the modified accrual basis of accounting, with the exception of the aforementioned revenue recognition policy for the one or more June state aid payments.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve a portion of the applicable appropriation, is utilized for budgetary control purposes. Encumbrances are a component of fund balance 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 governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected on the balance sheet as unearned revenues at fiscal year-end.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Cash, Cash Equivalents and Investments**

Cash and cash equivalents, for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

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 public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent 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 amount of their deposits to the governmental units.

Inventories

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased.

Tuition Receivable

Tuition charges were established by the School District based on estimated costs. The charges are subject to adjustment when the final costs are determined.

Prepaid Expenses

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2013. As of June 30, 2013, no such prepayments exist.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as an expenditure in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Short-Term Interfund Receivables / Payables**

Short-term interfund receivables / payables (internal balances) represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund within the School District, and that are due within one year. Such balances are eliminated in the statement of net position to minimize the grossing up of internal balances, thus leaving a net amount due between the governmental and business-type activities that are eliminated in the total government column. Balances with fiduciary activities are not considered to be internal balances; therefore, such balances appear on the statement of net position.

Capital Assets

Capital assets represent the cumulative amount of capital assets owned by the School District. Purchased capital assets are recorded as expenditures in the governmental fund financial statements and are capitalized at cost on the government-wide statement of net position and proprietary fund statement of net position. In the case of gifts or contributions, such capital assets are recorded at fair market value at the time received.

The School District's capitalization threshold is \$2,000.00. Other costs incurred for repairs and maintenance is expensed as incurred. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 - 20 Years
Buildings and Building Improvements	5 - 40 Years
Machinery and Equipment	5 - 20 Years

The School District does not possess any infrastructure assets.

Deferred Loss on Refunding of Debt

Deferred loss on refunding arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense.

Tuition Payable

Tuition charges for the fiscal years ended June 30, 2013 and 2012 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measurable and the School District is eligible to realize the revenue.

Accrued Salaries and Wages

Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2013, the amounts earned by these employees were disbursed to the employees' own individual credit union accounts.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Compensated Absences**

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

The School District uses the vesting method to calculate the compensated absences amount. The entire compensated absence liability, including the employer's share of applicable taxes, is reported on the government-wide financial statements. The portion related to employees in the proprietary funds is recorded at the fund level. The current portion is the amount estimated to be used in the following fiscal year. An expenditure is recognized in the governmental funds as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund 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, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the governmental fund financial statements when due.

Net Position

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

Net Investment in Capital Assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Fund Balance**

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

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

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

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

Assigned - The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position, approved by the Board of Education.

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures / expenses in the purchaser funds. 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 proprietary funds. Reimbursements from funds responsible for particular expenditures / expenses to the funds that initially paid for them are not presented on the financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Impact of Recently Issued Accounting Principles**Recently Issued and Adopted Accounting Pronouncements**

In November 2010, the GASB issued Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*. GASBS 60 provides financial reporting guidance for service concession arrangements (SCAs). SCAs are defined as an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This Statement is effective for periods beginning after December 15, 2011. The School District does not have any SCAs and therefore the adoption of GASBS 60 does not have any impact on the School District's financial statements.

In November 2010, the GASB issued Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASBS 61 provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. This Statement is effective for periods beginning after June 15, 2012. The School District elected to early implement GASBS 61 effective for fiscal year 2013. The adoption of GASBS 61, however, does not have any impact on the School District's financial statements.

In December 2010, the GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASBS 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This Statement is effective for periods beginning after December 15, 2011. The adoption of GASBS 62 does not have any impact on the School District's financial statements.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASBS 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components: assets, deferred outflows of resources, liabilities, and deferred inflows of resources. This Statement is effective for financial statements for periods beginning after December 15, 2011. The adoption of GASBS 63, however, does not have a material impact on the School District's financial statements.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASBS 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement is effective for periods beginning after December 15, 2012. The School District elected to early implement GASBS 65 effective for fiscal year 2013. The adoption of GASBS 65, however, does not have a material impact on the School District's financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued Accounting Pronouncements**

In March 2012, the GASB issued Statement 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*. GASBS 66 is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement 62 and Statements No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. This Statement is effective for periods beginning after December 15, 2012. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements although no impact is expected.

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. GASBS 67 is to improve the usefulness of pension information included in the general purpose external financial reports (financial reports) of state and local governmental pension plans for making decisions and assessing accountability. This Statement is effective for periods beginning after June 15, 2013. The School District does not administer any state or local pension plans; therefore, the adoption of GASBS 67 will not have any impact on the School District's financial statements.

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. GASBS 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. In addition, this Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement is effective for periods beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements and expects the impact to be material.

In January 2013, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*. GASBS 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement is effective for periods beginning after December 15, 2013. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements although no impact is expected.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Impact of Recently Issued Accounting Principles (Cont'd)****Recently Issued Accounting Pronouncements (Cont'd)**

In April 2013, the GASB issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. GASBS 70 is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. This Statement is effective for periods beginning after June 15, 2013. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements although no impact is expected.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled agency funds such as salary withholdings, and student activity funds, or funds that may pass to the School District relative to the happening of a future condition.

As of June 30, 2013, the School District's bank balances of \$1,911,192.43 were exposed to custodial credit risk as follows:

Insured under FDIC	\$ 250,000.00
Collateralized under GUDPA	<u>1,661,192.43</u>
	<u><u>\$ 1,911,192.43</u></u>

Note 3: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District 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.

Note 3: CAPITAL RESERVE ACCOUNT (CONT'D)

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a school 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 fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained by either 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:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance, July 1, 2012		\$ 216,954.51
Increased by:		
Interest Earnings	\$ 1,163.76	
Deposits:		
Board Resolution (June 24, 2013)	<u>200,000.00</u>	
		<u>201,163.76</u>
Ending Balance, June 30, 2013		<u>\$ 418,118.27</u>

The June 30, 2013 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted projects.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2013 consisted of accounts (fees), intergovernmental grants, and property tax levy. All receivables are considered collectible in full due to the stable condition of state programs, the current fiscal year guarantee of federal funds, and the statutory obligation of the remittance of property taxes.

Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

<u>Description</u>	<u>Governmental Funds</u>		<u>Proprietary Funds</u>			<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Activities</u>	<u>Food Service Fund</u>	<u>Total Business-Type Activities</u>	
Federal Awards		\$ 96,563.03	\$ 96,563.03	\$ 10,475.02	\$ 10,475.02	\$ 107,038.05
State Awards	\$ 71,122.00		71,122.00	390.63	390.63	71,512.63
Property Tax Levy	354,540.91		354,540.91			354,540.91
Tuition	1,324.00		1,324.00			1,324.00
	<u>\$ 426,986.91</u>	<u>\$ 96,563.03</u>	<u>\$ 523,549.94</u>	<u>\$ 10,865.65</u>	<u>\$ 10,865.65</u>	<u>\$ 534,415.59</u>

Note 5: INVENTORY

Inventory recorded at June 30, 2013 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food	\$ 1,916.14
Supplies	<u>253.46</u>
	<u>\$ 2,169.60</u>

Note 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013 is as follows:

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2013</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 178,131.00			\$ 178,131.00
Total Capital Assets, not being Depreciated	<u>178,131.00</u>	<u>-</u>	<u>-</u>	<u>178,131.00</u>
Capital Assets, being Depreciated:				
Land Improvements	189,287.00			189,287.00
Buildings and Building Improvements	9,069,596.00			9,069,596.00
Machinery and Equipment	826,222.00	\$ 12,696.00	\$ (334,125.00)	504,793.00
Total Capital Assets, being Depreciated	<u>10,085,105.00</u>	<u>12,696.00</u>	<u>(334,125.00)</u>	<u>9,763,676.00</u>
Total Capital Assets, Cost	<u>10,263,236.00</u>	<u>12,696.00</u>	<u>(334,125.00)</u>	<u>9,941,807.00</u>
Less Accumulated Depreciation for:				
Land Improvements	(137,738.00)	(4,475.00)		(142,213.00)
Buildings and Building Improvements	(4,121,512.00)	(275,600.00)		(4,397,112.00)
Machinery and Equipment	(765,114.00)	(11,013.00)	334,125.00	(442,002.00)
Total Accumulated Depreciation	<u>(5,024,364.00)</u>	<u>(291,088.00)</u>	<u>334,125.00</u>	<u>(4,981,327.00)</u>
Total Capital Assets, being Depreciated, Net	<u>5,060,741.00</u>	<u>(278,392.00)</u>	<u>-</u>	<u>4,782,349.00</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,238,872.00</u>	<u>\$ (278,392.00)</u>	<u>-</u>	<u>\$ 4,960,480.00</u>
	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Retirements and Transfers</u>	<u>Balance June 30, 2013</u>
Business-Type Activities:				
Capital Assets, being Depreciated:				
Machinery and Equipment	\$ 138,030.00			\$ 138,030.00
Total Capital Assets, being Depreciated	<u>138,030.00</u>	<u>-</u>	<u>-</u>	<u>138,030.00</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(66,739.00)	\$ (7,884.00)		(74,623.00)
Total Accumulated Depreciation	<u>(66,739.00)</u>	<u>(7,884.00)</u>	<u>-</u>	<u>(74,623.00)</u>
Total Capital Assets, being Depreciated, Net	<u>71,291.00</u>	<u>(7,884.00)</u>	<u>-</u>	<u>63,407.00</u>
Business-Type Activities Capital Assets, Net	<u>\$ 71,291.00</u>	<u>\$ (7,884.00)</u>	<u>-</u>	<u>\$ 63,407.00</u>

Note 6: CAPITAL ASSETS (CONT'D)

Depreciation expense was charged to functions / programs of the School District as follows:

Governmental Activities:	
Regular Instruction	\$ 203,761.80
General Administration	29,108.40
Plant Operations and Maintenance	29,108.40
Unallocated	29,109.40
Total Depreciation Expense - Governmental Activities	<u>\$ 291,088.00</u>
Business-Type Activities:	
Food Service	\$ 7,884.00
Total Depreciation Expense - Business-Type Activities	<u>\$ 7,884.00</u>

Note 7: LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2013, the following changes occurred in long-term obligations:

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2013</u>	<u>Due within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Serial Bonds	\$ 2,358,000.00	\$ 1,753,000.00	\$ (1,998,000.00)	\$ 2,113,000.00	\$ 393,000.00
Total Bonds Payable	<u>2,358,000.00</u>	<u>1,753,000.00</u>	<u>(1,998,000.00)</u>	<u>2,113,000.00</u>	<u>393,000.00</u>
Other Liabilities:					
Early Retirement Incentive	249,404.00		(29,379.00)	220,025.00	29,379.00
Compensated Absences	176,196.13	5,893.84	(41,525.99)	140,563.98	18,058.29
Total Other Liabilities	<u>425,600.13</u>	<u>5,893.84</u>	<u>(70,904.99)</u>	<u>360,588.98</u>	<u>47,437.29</u>
Governmental Activity Long-Term Liabilities	<u>\$ 2,783,600.13</u>	<u>\$ 1,758,893.84</u>	<u>\$ (2,068,904.99)</u>	<u>\$ 2,473,588.98</u>	<u>\$ 440,437.29</u>

The bonds payable are generally liquidated by the debt service fund, while the early retirement incentive and compensated absences are liquidated by the general fund.

Bonds Payable - Bonds and loans 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 School District are general obligation bonds.

On February 1, 1999, the School District issued \$1,995,000.00 of general serial bonds, at an interest rate of 4.45%, for additions to the school building. The final maturity of these bonds is February 1, 2014. The bonds will be paid from property taxes.

On April 1, 2005, the School District issued \$2,293,000.00 of general serial bonds, at an interest rate of 4.20%, for renovations and improvements to the school building. On May 1, 2013, the School District issued refunding bonds in the amount of \$1,753,000.00, at an interest rate of 1.65%, to advance refund \$1,653,000.00 of the April 1, 2005 general serial bonds. As a result of the refunding, the School District has one last principal payment on the April 1, 2005 bonds, which is due on April 1, 2014. The refunding bonds will mature on April 1, 2018. These bonds also will be paid from property taxes.

Note 7: LONG-TERM LIABILITIES (CONT'D)**Bonds Payable (Cont'd)**

Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 393,000.00	\$ 42,234.13	\$ 435,234.13
2015	417,000.00	28,380.00	445,380.00
2016	422,000.00	21,499.50	443,499.50
2017	432,000.00	14,536.50	446,536.50
2018	449,000.00	7,408.50	456,408.50
	<u>\$ 2,113,000.00</u>	<u>\$ 114,058.63</u>	<u>\$ 2,227,058.63</u>

Bonds Authorized but not Issued - As of June 30, 2013, the School District had no authorizations to issue additional bonded debt.

Early Retirement Incentive - In accordance with the Lower Camden County Regional High School dissolution agreement, effective July 1, 2001, the Clementon School District assumed liability for its proportionate share of the "Regional High School Early Retirement Incentive Program" permitted by State legislation during 1995 for certain members of the Teachers' Pension and Annuity Fund and the Public Employees Retirement Fund. The members had to meet certain age and service requirements and had to apply for retirement between certain dates in fiscal year 1996 to be eligible. The School District is liable for its proportionate share of additional costs under this program. As of June 30, 2013 the School District had an accrued liability of \$220,025.00 payable in annual installments.

Compensated Absences - Compensated absences will be paid from the fund from which the employees' salaries are paid.

Note 8: OPERATING LEASES

At June 30, 2013, the School District had operating lease agreements in effect for copy machines and a postage meter. The present value of the future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2014	\$ 24,391.68
2015	24,391.68
2016	21,058.68
	<u>\$ 69,842.04</u>

Rental payments under operating leases for the fiscal year ended June 30, 2013 were \$25,626.31.

Note 9: PENSION PLANS

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System, which are administered by the New Jersey Division of Pensions and Benefits. In addition, several School District employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This plan is administered by Prudential Financial for the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund ("TPAF") is a cost-sharing contributory defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members are determined by State statute. In accordance with Chapters 113, 114 and 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase will be phased-in over seven years, which began July 1, 2012. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the district has been required over several preceding fiscal years.

Public Employees' Retirement System - The Public Employees' Retirement System ("PERS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 6.5% plus an additional 1.0% phased-in over seven years. The phase-in of the additional incremental member contribution amount began July 1, 2012 and increases each subsequent July 1. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Note 9: PENSION PLANS (CONT'D)

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Regular Pension Contributions</u>	<u>Non-Contributory Group Life Insurance</u>	<u>Paid by School District</u>
2013	\$ 18,654.00	\$ 44,603.00	\$ 63,257.00	\$ 3,765.00	\$ 67,022.00
2012	21,091.00	42,183.00	63,274.00	4,031.00	67,305.00
2011	22,434.00	35,746.00	58,180.00	4,419.00	62,599.00

Defined Contribution Retirement Program - The Defined Contribution Retirement Program ("DCRP") is a cost-sharing multiple-employer defined contribution pension fund which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Fiscal Year</u>	<u>Total Liability</u>	<u>Paid by School District</u>
2013	\$ 1,084.13	\$ 1,084.13
2012	329.73	329.73
2011	227.00	227.00

Early Retirement Incentive Program - As mentioned in note 7, effective July 1, 2001, the Clementon School District assumed liability for its proportionate share of the "Regional High School Early Retirement Incentive Program" permitted by State legislation during 1995 for certain members of the Teachers' Pension and Annuity Fund and the Public Employees Retirement Fund.

The School District's contributions to each pension plan, equal to the required contribution for each fiscal year, were as follows:

TPAF

<u>Fiscal Year</u>	<u>ERI 1 Liability</u>	<u>ERI 2 Liability</u>	<u>Paid by School District</u>
2013	\$ 13,283.00	\$ 14,818.00	\$ 28,101.00
2012	13,482.00	14,958.00	28,440.00
2011	13,482.00	14,958.00	28,440.00

PERS

<u>Fiscal Year</u>	<u>ERI 1 Liability</u>	<u>ERI 2 Liability</u>	<u>Paid by School District</u>
2013	\$ 567.00	\$ 711.00	\$ 1,278.00
2012	537.00	714.00	1,251.00
2011	516.00	714.00	1,230.00

Note 10: STATE POST-RETIREMENT MEDICAL BENEFITS

P.L. 1987, c.384 of P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund ("TPAF") and the Public Employees' Retirement System ("PERS"), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees receiving postemployment 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 pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retire from a board of education or county college with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in fiscal year 2012.

Note 11: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2013, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement medical costs related to TPAF. The amounts recognized as revenues and expenditures for normal costs and post-retirement medical costs were \$223,132.00 and \$252,306.00, respectively.

Note 12: RISK MANAGEMENT

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

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

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

The following is a summary of the activity of the School District's private-purpose trust fund for the unemployment claims for the current and previous two fiscal years:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>School</u> <u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Income</u>	<u>Claims</u> <u>Incurred</u>	<u>Ending</u> <u>Balance</u>
2013	\$ 30,000.00	\$ 7,175.48	\$ 270.92	\$ 28,461.90	\$ 59,000.84
2012		6,995.34	576.00	25,831.00	50,016.34
2011		7,345.00	889.00	23,501.00	68,276.00

Note 12: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool - The School District is a member of the Burlington County Insurance Pool Joint Insurance Fund. The Fund provides its members with the following coverage:

Building and Contents
 General and Automobile Liability
 Workers' Compensation
 Boiler and Machinery
 Crime
 Umbrella Liability
 Educators Legal Liability
 Pollution Liability

Contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention, or administrative accounts to assure the payment of the Fund's obligations.

The Fund provides the School District with the following coverage:

Building and Contents
 General and Automobile Liability
 Workers' Compensation
 Boiler and Machinery
 Crime
 Umbrella Liability
 Educators Legal Liability
 Pollution Liability

The Fund publishes its own financial report for the fiscal year ended June 30, 2013, which can be obtained from:

Burlington County Insurance Pool Joint Insurance Fund
 Five Greentree Centre, Suite 410
 Marlton, New Jersey 08053

Note 13: DEFERRED COMPENSATION

The School District offers its employees a choice of four deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, 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 The Omni Financial Group.

Note 14: COMPENSATED ABSENCES

The School District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences 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.

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

Note 14: COMPENSATED ABSENCES (CONT'D)

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. At June 30, 2013, the liability for compensated absences reported on the government-wide statement of net position was \$140,563.98.

Note 15: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2013 is as follows:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 80,189.60	
Special Revenue		\$ 71,260.17
Food Service		6,781.01
Camp Clementon		
Community Education		2,148.42
	<u>\$ 80,189.60</u>	<u>\$ 80,189.60</u>

The interfund receivables and payables above predominately resulted from payments made by certain funds on behalf of other funds. During the fiscal year 2014, the School District expects to liquidate such interfunds, depending upon the availability of cash flow.

There were no interfund transfers during the fiscal year ended June 30, 2013.

Note 16: CAPITAL DEBT REFUNDING

On May 1, 2013, the School District issued \$1,753,000.00 in refunding school bonds with an interest rate of 1.65% to advance refund \$1,653,000.00 of outstanding 2005 school bonds with interest rates ranging from 4.10% to of 4.25%. The net proceeds of \$1,721,347.24 (after payment of issuance costs) were used to purchase U.S. Treasury Obligations. These securities were deposited in an irrevocable trust with an escrow agent to provide for the future debt service payments (April 1, 2015 - April 1, 2018) on the 2005 school bonds. As a result of the current refunding, the School District will reduce its total debt service payments over the next four years by \$52,254.13, which results in an economic gain (difference between the present values of the debt service payments of the old and new debt) of \$50,450.84, or 3.052% of the principal amount being refunded. The current refunding meets the requirements of an in-substance defeasance and the liability for the refunded bonds was removed from the School District's financial statements.

Note 17: DEFEASED DEBT

In fiscal year 2013, the School District defeased a portion of the 2005 school bonds by placing the proceeds of new bonds in a separate irrevocable trust fund. The investments and fixed interest earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt is considered defeased and therefore removed as a liability from the School District's financial statements. As of June 30, 2013, the total amount of defeased debt outstanding, but removed from the School District's financial statements, is \$1,653,000.00.

Note 18: DEFICIT NET POSITION - GOVERNMENT-WIDE FINANCIAL STATEMENTS

As reflected on exhibit A-1, statement of net position, an unrestricted deficit of \$610,570.45 exists for the governmental activities. In addition to the delay in the payment of state aid until the following fiscal year, as described in note 19, another cause of the deficit is a result of the recording of the long-term liabilities for early retirement incentive and compensated absences in the amount of \$220,025.00 and \$140,563.98, respectively. In accordance with the rules and regulations that govern the School District in the formulation of their annual budget (see note 1), early retirement incentives and compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the School District and its employees, are funded in the period in which such services are rendered or in which such events take place; however, in accordance with full accrual accounting, which is the basis of accounting for exhibit A-1, statement of net position, such liabilities are required to be recorded in the period in which they are incurred.

Note 19: DEFICIT FUND BALANCES

The School District has an unassigned deficit fund balance of \$341,800.43 in the general fund and \$6,216.49 in the special revenue fund as of June 30, 2013 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, school 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 statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment 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 general and special revenue fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$348,016.92 is less than the June state aid payments.

Note 20: FUND BALANCES**RESTRICTED**

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

General Fund -

For Capital Reserve Account - As of June 30, 2013, the balance in the capital reserve account is \$418,118.27. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP). Restricted cash and cash equivalents related to this reserve was \$218,118.27 as of June 30, 2013.

For Tuition - In accordance with N.J.A.C. 6A:23A-3.1(f)(8), the School District has restricted fund balance in the amount of \$439,000.00 in a legal reserve for tuition adjustments. This reserve represents foreseeable future tuition adjustments up to a maximum of 10% of the estimated tuition cost of the respective contract year. As of June 30, 2013, \$239,000.00 and \$200,000.00 have been reserved for the contract years 2011-2012 and 2012-2013, respectively.

Note 20: FUND BALANCES (CONT'D)**RESTRICTED (CONT'D)****General Fund (Cont'd) -**

For Emergency Reserve - As of June 30, 2013, the balance in the emergency reserve is \$200,000.00. These funds are restricted for the purpose of financing unanticipated general fund expenditures required for a thorough and efficient education in accordance with N.J.S.A. 18A:7F-41c(1). The balance of the reserve is not permitted to exceed \$250,000.00, or one percent (1%) of the School District's general fund budget up to a maximum of \$1,000,000.00, whichever is greater. Deposits may be made to the emergency reserve account at budget time, or by board resolution at year end of any unanticipated revenue or unexpended line item appropriation, or both. Withdrawals from the emergency reserve require approval by the Commissioner.

For Maintenance Reserve Account - As of June 30, 2013, the balance in the maintenance reserve account is \$75,000.00. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund 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, 2013 is \$554,626.00, which was generated during 2011-2012 has been restricted and designated for utilization in the 2013-2014 budget.

Debt Service Fund - As of June 30, 2013, the balance is \$9,760.37. These funds are restricted for future debt service expenditures.

ASSIGNED

As stated in note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

General Fund -

Other Purposes - As of June 30, 2013, the School District had \$4,218.39 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2014 \$105,553.00 of general fund balance at June 30, 2013.

UNASSIGNED

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

Note 20: FUND BALANCES (CONT'D)**UNASSIGNED (CONT'D)**

General Fund - As of June 30, 2013, the fund balance of the general fund was a deficit of \$341,800.43. The deficit is a result from a delay in the payment of state aid until the following fiscal year. As stated in note 19, since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment 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 general fund balance deficit does not alone indicate that the School District is facing financial difficulties. The unassigned deficit on the GAAP financial statements of \$341,800.43 is less than the last state aid payment.

Special Revenue Fund - As of June 30, 2013, the fund balance of the special revenue fund was a deficit of \$6,216.49, thus resulting in the fund balance classification of unassigned. The deficit is a result from a delay in the payment of state aid until the following fiscal year. As stated in note 19, since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment 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 School District is facing financial difficulties. The unassigned deficit on the GAAP financial statements of \$6,216.49 is less than the last state aid payment.

Note 21: RECLASSIFICATION OF FIDUCIARY FUND

The net position in the amount of \$10,140.75 as of July 1, 2012 in the scholarship fund has been reclassified from a liability in the student activity fund, as they represent funds restricted for scholarships.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES

CLEMENTON SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,918,979.00		\$ 3,918,979.00	\$ 3,918,979.00	
Tuition				1,324.00	\$ 1,324.00
Interest Earned on Capital Reserve Funds	200.00		200.00	1,163.76	963.76
Unrestricted Miscellaneous Revenues	80,000.00		80,000.00	93,455.07	13,455.07
Total - Local Sources	3,999,179.00	-	3,999,179.00	4,014,921.83	15,742.83
Federal Sources:					
Medicaid Reimbursement	15,102.00		15,102.00	18,267.84	3,165.84
Total - Federal Sources	15,102.00	-	15,102.00	18,267.84	3,165.84
State Sources:					
Categorical Special Education Aid	363,273.00		363,273.00	363,273.00	
Equalization Aid	5,670,698.00		5,670,698.00	5,670,698.00	
Categorical Security Aid	132,867.00		132,867.00	132,867.00	
Categorical Transportation Aid	49,783.00		49,783.00	49,783.00	
Extraordinary Aid	100,000.00		100,000.00	55,026.00	(44,974.00)
Other State Aids:					
Other State Aids - Out of Cap				4,002.00	4,002.00
Reimbursed T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)				223,132.00	223,132.00
Reimbursed T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)				252,306.00	252,306.00
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				246,382.67	246,382.67
Total - State Sources	6,316,621.00	-	6,316,621.00	6,997,469.67	680,848.67
Total Revenues	10,330,902.00	-	10,330,902.00	11,030,659.34	699,757.34

(Continued)

CLEMENTON SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Modifications / 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					
Kindergarten - Salaries of Teachers	\$ 209,912.00		\$ 209,912.00	\$ 209,117.45	\$ 794.55
Grades 1-5 - Salaries of Teachers	1,183,331.00	\$ (30,000.00)	1,153,331.00	1,150,795.35	2,535.65
Grades 6-8 - Salaries of Teachers	732,856.00	(15,468.00)	717,388.00	700,111.90	17,276.10
Regular Programs - Home Instruction:					
Salaries of Teachers	3,000.00	1,801.44	4,801.44	4,628.88	172.56
Other Salaries for Instruction	3,000.00	(801.44)	2,198.56	2,129.28	69.28
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	124,519.00	(2,010.00)	122,509.00	85,187.86	37,321.14
Purchased Technical Services	13,550.00		13,550.00	10,665.00	2,885.00
Other Purchased Services (400-500 Series)	23,029.00	523.23	23,552.23	22,908.31	643.92
General Supplies	100,550.00	2,999.00	103,549.00	103,295.62	253.38
Textbooks	24,381.00	(22,012.23)	2,368.77	2,368.77	
Total Regular Programs - Instruction	2,418,128.00	(64,968.00)	2,353,160.00	2,291,208.42	61,951.58
Special Education - Instruction:					
Learning and / or Language Disabilities:					
Salaries of Teachers	256,430.00		256,430.00	243,657.12	12,772.88
Other Salaries for Instruction	10,790.00		10,790.00	10,790.00	
General Supplies	375.00	500.00	875.00	875.00	
Textbooks	500.00	(500.00)			
Total Learning and / or Language Disabilities	268,095.00	-	268,095.00	255,322.12	12,772.88

(Continued)

CLEMENTON SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Special Education - Instruction (Cont'd):					
Multiple Disabilities:					
Salaries of Teachers	\$ 76,605.00	\$ 425.00	\$ 77,030.00	\$ 77,030.00	
Other Salaries for Instruction	14,437.00		14,437.00	11,437.00	\$ 3,000.00
General Supplies	1,000.00	5,000.00	6,000.00	934.66	5,065.34
Textbooks	500.00	(500.00)			
Total Multiple Disabilities	92,542.00	4,925.00	97,467.00	89,401.66	8,065.34
Resource Room / Resource Center:					
Salaries of Teachers	266,760.00		266,760.00	266,760.00	
Other Salaries for Instruction	34,580.00		34,580.00	24,494.39	10,085.61
General Supplies	300.00	500.00	800.00	800.00	
Textbooks	500.00	(500.00)			
Total Resource Room / Resource Center	302,140.00	-	302,140.00	292,054.39	10,085.61
Total Special Education - Instruction	662,777.00	4,925.00	667,702.00	636,778.17	30,923.83
Bilingual Education - Instruction:					
General Supplies	1,000.00		1,000.00	1,000.00	
Total Bilingual Education - Instruction	1,000.00	-	1,000.00	1,000.00	-
School-Sponsored Cocurricular / Extracurricular Activities - Instruction:					
Salaries	10,998.00	2,068.88	13,066.88	13,066.00	0.88
Purchased Services (300-500 Series)	500.00	(266.00)	234.00	210.00	24.00
Supplies and Materials	2,938.00		2,938.00	2,616.97	321.03
Total School-Sponsored Cocurricular / Extracurricular Activities - Instruction	14,436.00	1,802.88	16,238.88	15,892.97	345.91

(Continued)

CLEMENTON SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
School-Sponsored Athletics - Instruction:					
Salaries	\$ 15,167.00		\$ 15,167.00	\$ 13,788.00	\$ 1,379.00
Purchased Services (300-500 Series)	8,500.00	\$ (1,802.88)	6,697.12	3,654.00	3,043.12
Supplies and Materials	3,350.00		3,350.00	1,196.71	2,153.29
Other Objects	1,400.00		1,400.00		1,400.00
Total School-Sponsored Athletics - Instruction	28,417.00	(1,802.88)	26,614.12	18,638.71	7,975.41
Total Instruction	3,124,758.00	(60,043.00)	3,064,715.00	2,963,518.27	101,196.73
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within the State - Regular	2,319,401.00	10,860.00	2,330,261.00	2,330,259.10	1.90
Tuition to Other LEA's Within the State - Special	239,070.00	(36,571.79)	202,498.21	202,498.21	
Tuition to County Vocational School District - Regular	147,900.00		147,900.00	147,900.00	
Tuition to CSSD and Regional Day Schools	315,340.00	(2,200.00)	313,140.00	313,099.02	40.98
Tuition to Private Schools for the Disabled - Within State	559,486.00	146,696.79	706,182.79	702,154.66	4,028.13
Tuition - State Facilities	99,678.00		99,678.00	99,678.00	
Total Undistributed Expenditures - Instruction	3,680,875.00	118,785.00	3,799,660.00	3,795,588.99	4,071.01
Undistributed Expenditures - Attendance and Social Work:					
Salaries	6,619.00		6,619.00	6,519.13	99.87
Purchased Professional and Technical Services	12,000.00	(2,000.00)	10,000.00	9,413.00	587.00
Supplies and Materials	500.00		500.00		500.00
Total Undistributed Expenditures - Attendance and Social Work	19,119.00	(2,000.00)	17,119.00	15,932.13	1,186.87
Undistributed Expenditures - Health Services:					
Salaries	48,830.00		48,830.00	48,830.00	
Purchased Professional and Technical Services	6,750.00		6,750.00	4,341.25	2,408.75
Supplies and Materials	2,500.00		2,500.00	2,451.48	48.52
Total Undistributed Expenditures - Health Services	58,080.00	-	58,080.00	55,622.73	2,457.27

(Continued)

CLEMENTON SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Speech, OT, PT and Related Services:					
Salaries	\$ 52,020.00		\$ 52,020.00	\$ 45,274.99	\$ 6,745.01
Purchased Professional - Educational Services	60,000.00	\$ (10,000.00)	50,000.00	44,290.00	5,710.00
Supplies and Materials	724.00		724.00	724.00	
	<u>112,744.00</u>	<u>(10,000.00)</u>	<u>102,744.00</u>	<u>90,288.99</u>	<u>12,455.01</u>
Total Undistributed Expenditures - Other Support Services - Students - Related Services					
	<u>112,744.00</u>	<u>(10,000.00)</u>	<u>102,744.00</u>	<u>90,288.99</u>	<u>12,455.01</u>
Undistributed Expenditures - Other Support Services - Students - Extraordinary Services:					
Salaries	32,000.00	(32,000.00)			
Purchased Professional - Educational Services	148,504.00	9,737.00	158,241.00	157,647.01	593.99
	<u>180,504.00</u>	<u>(22,263.00)</u>	<u>158,241.00</u>	<u>157,647.01</u>	<u>593.99</u>
Total Undistributed Expenditures - Other Support Services - Students - Extraordinary Services					
	<u>180,504.00</u>	<u>(22,263.00)</u>	<u>158,241.00</u>	<u>157,647.01</u>	<u>593.99</u>
Undistributed Expenditures - Guidance:					
Students - Regular:					
Salaries of Other Professional Staff	51,250.00		51,250.00	50,050.00	1,200.00
Supplies and Materials	1,500.00	(1,129.00)	371.00	371.00	
	<u>52,750.00</u>	<u>(1,129.00)</u>	<u>51,621.00</u>	<u>50,421.00</u>	<u>1,200.00</u>
Total Undistributed Expenditures - Guidance					
	<u>52,750.00</u>	<u>(1,129.00)</u>	<u>51,621.00</u>	<u>50,421.00</u>	<u>1,200.00</u>
Undistributed Expenditures - Child Study Team:					
Salaries of Other Professional Staff	138,814.00	(5,000.00)	133,814.00	124,461.12	9,352.88
Salaries of Secretarial and Clerical Assistants	26,475.00		26,475.00	26,475.00	
Purchased Professional - Educational Services	46,000.00	(9,325.00)	36,675.00	30,388.08	6,286.92
Misc Purchased Services (400-500 Series) Other than Residence	800.00		800.00	265.28	534.72
Supplies and Materials	2,500.00		2,500.00	344.89	2,155.11
	<u>214,589.00</u>	<u>(14,325.00)</u>	<u>200,264.00</u>	<u>181,934.37</u>	<u>18,329.63</u>
Total Undistributed Expenditures - Child Study Team					
	<u>214,589.00</u>	<u>(14,325.00)</u>	<u>200,264.00</u>	<u>181,934.37</u>	<u>18,329.63</u>

(Continued)

CLEMENTON SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	\$ 30,320.00	\$ (30,320.00)			
Total Undistributed Expenditures - Improvement of Instruction Services	<u>30,320.00</u>	<u>(30,320.00)</u>	-	-	-
Undistributed Expenditures - Educational Media Services / School Library:					
Salaries	24,090.00		\$ 24,090.00	\$ 21,350.03	\$ 2,739.97
Salaries of Technology Coordinators	67,958.00		67,958.00	67,958.00	
Purchased Professional and Technical Services	2,800.00	670.00	3,470.00	3,445.00	25.00
Other Purchased Services (400-500 Series)	10,265.00	(670.00)	9,595.00	6,779.28	2,815.72
Supplies and Materials	5,500.00		5,500.00	5,431.00	69.00
Total Undistributed Expenditures - Educational Media Services / School Library	<u>110,613.00</u>	<u>-</u>	<u>110,613.00</u>	<u>104,963.31</u>	<u>5,649.69</u>
Undistributed Expenditures - Instructional Staff Training Services:					
Salaries of Supervisors of Instruction					
Salaries of Other Professional Staff					
Purchased Professional - Educational Services	7,000.00		7,000.00	6,993.80	6.20
Other Purchased Services (400-500 Series)	1,900.00	129.00	2,029.00	1,994.00	35.00
Total Undistributed Expenditures - Instructional Staff Training Services	<u>8,900.00</u>	<u>129.00</u>	<u>9,029.00</u>	<u>8,987.80</u>	<u>41.20</u>
Undistributed Expenditures - Support Services - General Administration:					
Salaries	158,823.00		158,823.00	158,823.00	
Legal Services	20,000.00		20,000.00	11,265.60	8,734.40
Audit Fees	20,900.00	(800.00)	20,100.00	20,100.00	
Other Purchased Professional Services	2,650.00	9,737.00	12,387.00	12,297.00	90.00
Purchased Technical Services	5,670.00	(902.86)	4,767.14	4,733.23	33.91

(Continued)

CLEMENTON SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Support Services - General Administration (Cont'd):					
Communications / Telephone	\$ 19,050.00	\$ 6,112.11	\$ 25,162.11	\$ 24,136.99	\$ 1,025.12
BOE Other Purchased Services	5,500.00	(2,956.00)	2,544.00	2,544.00	
Miscellaneous Purchased Services (400-500)	12,084.00	(500.00)	11,584.00	11,236.00	348.00
General Supplies	1,000.00	(455.00)	545.00	536.31	8.69
BOE In-House Training / Meeting Supplies	575.00		575.00	120.00	455.00
Miscellaneous Expenditures	4,969.00	471.75	5,440.75	5,440.35	0.40
BOE Membership Dues and Fees	6,000.00	293.00	6,293.00	6,292.59	0.41
Total Undistributed Expenditures - Support Services - General Administration	257,221.00	11,000.00	268,221.00	257,525.07	10,695.93
Undistributed Expenditures - Support Services - School Administration:					
Salaries of Principals / Assistant Principals	75,000.00	30,320.00	105,320.00	105,320.00	
Salaries of Secretarial and Clerical Assistants	60,457.00		60,457.00	54,685.90	5,771.10
Supplies and Materials	3,350.00	2,000.00	5,350.00	5,342.00	8.00
Other Objects	500.00		500.00	91.91	408.09
Total Undistributed Expenditures - Support Services - School Administration	139,307.00	32,320.00	171,627.00	165,439.81	6,187.19
Undistributed Expenditures - Central Services:					
Salaries	173,826.00	(7,000.00)	166,826.00	148,826.00	18,000.00
Purchased Technical Services	34,160.00	500.00	34,660.00	34,582.00	78.00
Supplies and Materials	1,300.00	4,494.84	5,794.84	3,911.92	1,882.92
Miscellaneous Expenditures	1,000.00	5.16	1,005.16	1,005.16	
Total Undistributed Expenditures - Central Services	210,286.00	(2,000.00)	208,286.00	188,325.08	19,960.92

(Continued)

CLEMENTON SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Administration Information					
Technology:					
Salaries	\$ 6,663.00		\$ 6,663.00	\$ 6,500.00	\$ 163.00
Supplies and Materials	12,200.00	\$ 8,500.00	20,700.00	13,700.00	7,000.00
	<u>18,863.00</u>	<u>8,500.00</u>	<u>27,363.00</u>	<u>20,200.00</u>	<u>7,163.00</u>
Total Undistributed Expenditures - Administration Information					
Technology	18,863.00	8,500.00	27,363.00	20,200.00	7,163.00
Undistributed Expenditures - Required Maintenance for School					
Facilities:					
Cleaning, Repair, and Maintenance Services	33,847.00	16,763.12	50,610.12	50,610.12	
General Supplies	6,000.00	5,136.52	11,136.52	11,136.52	
	<u>39,847.00</u>	<u>21,899.64</u>	<u>61,746.64</u>	<u>61,746.64</u>	<u>-</u>
Total Undistributed Expenditures - Required Maintenance for School					
Facilities	39,847.00	21,899.64	61,746.64	61,746.64	-
Undistributed Expenditures - Custodial Services:					
Salaries	172,832.00	(10,853.37)	161,978.63	161,773.40	205.23
Purchased Professional and Technical Services	166.00		166.00	166.00	
Cleaning, Repair, and Maintenance Services	22,900.00	(5,735.00)	17,165.00	17,061.01	103.99
Rental of Land & Building Other than Lease Purchase Agreement	5,900.00	(4,322.00)	1,578.00	1,578.00	
Other Purchased Property Services	16,300.00	(2,009.00)	14,291.00	12,965.11	1,325.89
Insurance	24,447.00		24,447.00	24,447.00	
General Supplies	31,000.00	9,219.73	40,219.73	39,191.03	1,028.70
Energy (Electricity)	140,000.00	(8,200.00)	131,800.00	121,583.91	10,216.09
	<u>413,545.00</u>	<u>(21,899.64)</u>	<u>391,645.36</u>	<u>378,765.46</u>	<u>12,879.90</u>
Total Undistributed Expenditures - Custodial Services					

(Continued)

CLEMENTON SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Modifications / Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Undistributed Expenditures - Security:					
Salaries	\$ 21,768.00		\$ 21,768.00	\$ 14,878.20	\$ 6,889.80
Total Undistributed Expenditures - Security	21,768.00	-	21,768.00	14,878.20	6,889.80
Total Undistributed Expenditures - Operation and Maintenance of Plant Services	475,160.00	-	475,160.00	455,390.30	19,769.70
Undistributed Expenditures - Student Transportation Services:					
Management Fee - ESC and CTSA Transportation Program	16,000.00		16,000.00	14,900.00	1,100.00
Contracted Services - (Other than Between Home and School) - Vendors	11,000.00	\$ 29,168.00	40,168.00	23,250.66	16,917.34
Contracted Services (Between Home and School) - Joint Agreements	62,000.00	4,505.00	66,505.00	54,316.06	12,188.94
Contracted Services (Regular Students) - ESCs and CTSA	75,000.00	(33,673.00)	41,327.00	33,360.53	7,966.47
Contracted Services (Special Education Students) - ESCs and CTSA	350,000.00	(42,000.00)	308,000.00	298,325.98	9,674.02
Contracted Services - Aid in Lieu Payments - Nonpublic Schools	25,767.00		25,767.00	18,564.00	7,203.00
Contracted Services - Aid in Lieu Payments - Charter Schools	3,536.00		3,536.00		3,536.00
Total Undistributed Expenditures - Student Transportation Services	543,303.00	(42,000.00)	501,303.00	442,717.23	58,585.77
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	65,000.00	1,000.00	66,000.00	56,667.68	9,332.32
T.P.A.F. Contributions - ERIP	60,000.00	(20,300.00)	39,700.00	28,101.00	11,599.00
Other Retirement Contributions - PERS	60,000.00	8,300.00	68,300.00	68,300.00	
Unemployment Compensation	30,000.00		30,000.00	30,000.00	
Workmen's Compensation	33,823.00		33,823.00	29,640.00	4,183.00
Health Benefits	1,290,462.00	(20,381.00)	1,270,081.00	1,034,059.27	236,021.73
Tuition Reimbursements	33,000.00		33,000.00	3,902.00	29,098.00
Other Employee Benefits	34,845.00	20,381.00	55,226.00	45,001.84	10,224.16
Total Unallocated Benefits - Employee Benefits	1,607,130.00	(11,000.00)	1,596,130.00	1,295,671.79	300,458.21

(Continued)

CLEMENTON SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONT'D):					
Current Expense (Cont'd):					
Reimbursed T.P.A.F. Pension Contributions (non-budgeted)				\$ 223,132.00	\$ (223,132.00)
Reimbursed T.P.A.F. Pension Contributions - Post-Retirement Medical (non-budgeted)				252,306.00	(252,306.00)
Reimbursed T.P.A.F. Social Security Contributions (non-budgeted)				246,382.67	(246,382.67)
Total On-behalf Contributions	-	-	-	721,820.67	(721,820.67)
Total Personal Services - Employee Benefits	\$ 1,607,130.00	\$ (11,000.00)	\$ 1,596,130.00	1,295,671.79	300,458.21
Total Undistributed Expenditures	7,719,764.00	35,697.00	7,755,461.00	8,008,476.28	(253,015.28)
Total General Current Expense	10,844,522.00	(24,346.00)	10,820,176.00	10,971,994.55	(151,818.55)
Capital Outlay:					
Interest Deposit to Capital Reserve	200.00	-	200.00	-	200.00
Equipment:					
Undistributed Expenditures: Non-Instructional Services	7,000.00	16,403.00	23,403.00	23,208.16	194.84
Total Equipment	7,000.00	16,403.00	23,403.00	23,208.16	194.84
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA Funding	22,485.00		22,485.00	22,485.00	
Total Facilities Acquisition and Construction Services	22,485.00	-	22,485.00	22,485.00	-
Total Capital Outlay	29,685.00	16,403.00	46,088.00	45,693.16	394.84
Transfer of Funds to Charter Schools	28,775.00	7,943.00	36,718.00	34,141.00	2,577.00

(Continued)

CLEMENTON SCHOOL DISTRICT
 General Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Expenditures	\$ 10,902,982.00	-	\$ 10,902,982.00	\$ 11,051,828.71	\$ (148,846.71)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(572,080.00)	-	(572,080.00)	(21,169.37)	550,910.63
Fund Balances, July 1	-	-	-	2,038,214.10	2,038,214.10
Fund Balances, June 30	\$ (572,080.00)	-	\$ (572,080.00)	\$ 2,017,044.73	\$ 2,589,124.73
Recapitulation:					
Restricted:					
Capital Reserve				\$ 418,118.27	
Tuition Reserve:					
2011-12 - Designated for Subsequent Year's Expenditures				239,000.00	
2012-13				200,000.00	
Emergency Reserve				200,000.00	
Maintenance Reserve				75,000.00	
Excess Surplus:					
Prior Year - Designated for Subsequent Year's Expenditures				554,626.00	
Assigned:					
Year-End Encumbrances				4,218.39	
Designated for Subsequent Year's Expenditures				105,553.00	
Unassigned				220,529.07	
				2,017,044.73	
Reconciliation to Governmental Funds Statements (GAAP):					
Fiscal Year 2013 Last State Aid Payments not Recognized on GAAP Basis				(562,329.50)	
Fund Balance per Governmental Funds (GAAP)				\$ 1,454,715.23	

CLEMENTON SCHOOL DISTRICT
 Required Supplementary Information
 Special Revenue Fund
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers / Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources:					
Title I, Part A	\$ 215,203.00	\$ 49,975.00	\$ 265,178.00	\$ 259,358.04	\$ (5,819.96)
Title II, Part A	36,657.00	2,918.00	39,575.00	31,612.00	(7,963.00)
Title II, Part D		192.00	192.00	192.00	
Title III, Part A, English Language	1,200.00	(1,200.00)			
I.D.E.I.A. Part B, Basic	140,000.00	12,380.61	152,380.61	152,380.61	
I.D.E.I.A. Part B, Preschool		3,458.00	3,458.00	3,112.00	(346.00)
Race to the Top		20,163.00	20,163.00	8,989.01	(11,173.99)
Total - Federal Sources	<u>393,060.00</u>	<u>87,886.61</u>	<u>480,946.61</u>	<u>455,643.66</u>	<u>(25,302.95)</u>
State Sources:					
Preschool Education Aid	127,785.00	1,492.40	129,277.40	122,715.39	(6,562.01)
Total - State Sources	<u>127,785.00</u>	<u>1,492.40</u>	<u>129,277.40</u>	<u>122,715.39</u>	<u>(6,562.01)</u>
Total Revenues	<u>520,845.00</u>	<u>89,379.01</u>	<u>610,224.01</u>	<u>578,359.05</u>	<u>(31,864.96)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	272,643.00	(62,229.78)	210,413.22	200,017.99	10,395.23
Salaries of Other Professional Staff		11,100.80	11,100.80	11,099.87	0.93
Other Salaries for Instruction	13,262.00	1,230.72	14,492.72	8,900.54	5,592.18
Other Purchased Services (400-500 series)	140,000.00	15,838.61	155,838.61	155,492.61	346.00
General Supplies	2,296.00	16,568.21	18,864.21	18,476.58	387.63
Total Instruction	<u>428,201.00</u>	<u>(17,491.44)</u>	<u>410,709.56</u>	<u>393,987.59</u>	<u>16,721.97</u>
Support Services:					
Salaries	36,657.00	64,081.10	100,738.10	88,387.10	12,351.00
Personnel Services - Employee Benefits	55,987.00	31,877.35	87,864.35	87,193.35	671.00
Purchased Professional - Educational Services		5,192.00	5,192.00	5,192.00	
Other Purchased Services (400-500 series)		5,720.00	5,720.00	3,599.01	2,120.99
Total Support Services	<u>92,644.00</u>	<u>106,870.45</u>	<u>199,514.45</u>	<u>184,371.46</u>	<u>15,142.99</u>
Total Expenditures	<u>520,845.00</u>	<u>89,379.01</u>	<u>610,224.01</u>	<u>578,359.05</u>	<u>31,864.96</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

CLEMENTON SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Note to Required Supplementary Information
 For the Fiscal Year Ended June 30, 2013

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-series)	\$ 11,030,659.34	\$ 578,359.05
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(45,162.01)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes, and State aid payment recognized as revenue for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>9,683.50</u>	<u>(6,216.49)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 11,040,342.84</u>	<u>\$ 526,980.55</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule (C-series)	\$ 11,051,828.71	\$ 578,359.05
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(45,162.01)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 11,051,828.71</u>	<u>\$ 533,197.04</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

CLEMENTON SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2013

	No Child Left Behind (N.C.L.B.)							Preschool Education Aid	Total
	Title I, Part A	Title II, Part A, Improving Teacher Quality	Title II, Part D, Enhancing Education through Technology	I.D.E.I.A. Part B, Basic	I.D.E.I.A. Part B, Preschool	Race to the Top	Race to the Top		
REVENUES:									
Federal Sources	\$ 259,358.04	\$ 31,612.00	\$ 192.00	\$ 152,380.61	\$ 3,112.00	\$ 8,989.01			\$ 455,643.66
State Sources							\$ 122,715.39		122,715.39
Total Revenues	259,358.04	31,612.00	192.00	152,380.61	3,112.00	8,989.01	122,715.39		578,359.05
EXPENDITURES:									
Instruction:									
Salaries of Teachers	116,224.99	26,343.00				390.00	57,060.00		200,017.99
Salaries of Other Professional Staff	11,099.87								11,099.87
Other Salaries for Instruction							8,900.54		8,900.54
Other Purchased Services (400-500 series)				152,380.61	3,112.00				155,492.61
General Supplies	17,708.73						767.85		18,476.58
Total Instruction	145,033.59	26,343.00	-	152,380.61	3,112.00	390.00	66,728.39		393,987.59
Support Services:									
Salaries	88,387.10								88,387.10
Personnel Services - Employee Benefits	25,937.35	5,269.00						55,987.00	87,193.35
Purchased Professional - Educational Services			192.00				5,000.00		5,192.00
Other Purchased Services (400-500 series)							3,599.01		3,599.01
Total Support Services	114,324.45	5,269.00	192.00	-	-	8,599.01	55,987.00		184,371.46
Total Expenditures	259,358.04	31,612.00	192.00	152,380.61	3,112.00	8,989.01	122,715.39		578,359.05
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-		-

CLEMENTON SCHOOL DISTRICT
 Special Revenue Fund
 Schedule of Preschool Education Aid
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budgeted</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 57,440.00	\$ 213.00	\$ 57,653.00	\$ 57,060.00	\$ 593.00
Other Salaries for Instruction	13,262.00	1,230.72	14,492.72	8,900.54	5,592.18
General Supplies	1,096.00	48.68	1,144.68	767.85	376.83
Total Instruction	<u>71,798.00</u>	<u>1,492.40</u>	<u>73,290.40</u>	<u>66,728.39</u>	<u>6,562.01</u>
Support Services:					
Personnel Services - Employee Benefits	55,987.00		55,987.00	55,987.00	
Total Support Services	<u>55,987.00</u>	<u>-</u>	<u>55,987.00</u>	<u>55,987.00</u>	<u>-</u>
Total Expenditures	<u>\$ 127,785.00</u>	<u>\$ 1,492.40</u>	<u>\$ 129,277.40</u>	<u>\$ 122,715.39</u>	<u>\$ 6,562.01</u>

Calculation of Budget and Carryover

Total Revised 2012-13 Preschool Education Aid Allocation	\$ 127,785.00
Add: Actual Preschool Education Aid Carryover (June 30, 2012)	1,492.40
Add: Budgeted Transfer from General Fund 2012-13	<u> </u>
Total Preschool Education Aid Funds Available for 2012-13 Budget	129,277.40
Less: 2012-13 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>(129,277.40)</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2013	-
Add: June 30, 2013 Unexpended Preschool Education Aid	<u>6,562.01</u>
2012-13 Carryover - Preschool Education Aid	<u>\$ 6,562.01</u>
2012-13 Preschool Education Aid Carryover Budgeted in 2013-14	<u> </u>

PROPRIETARY FUNDS

CLEMENTON SCHOOL DISTRICT
 Proprietary Funds
 Business-Type Activities - Enterprise Funds
 Combining Statement of Net Position
 June 30, 2013

	<u>Food Service</u>	<u>Camp Clementon Community Education</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 56,838.34	\$ 51,513.14	\$ 108,351.48
Intergovernmental Accounts Receivable:			
Federal	10,475.02		10,475.02
State	390.63		390.63
Inventory	2,169.60		2,169.60
Total Current Assets	<u>69,873.59</u>	<u>51,513.14</u>	<u>121,386.73</u>
Noncurrent Assets:			
Capital Assets:			
Machinery and Equipment	138,030.00		138,030.00
Less: Accumulated Depreciation	<u>(74,623.00)</u>		<u>(74,623.00)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>63,407.00</u>	<u>-</u>	<u>63,407.00</u>
Total Noncurrent Assets	<u>63,407.00</u>	<u>-</u>	<u>63,407.00</u>
Total Assets	<u>133,280.59</u>	<u>51,513.14</u>	<u>184,793.73</u>
LIABILITIES:			
Current Liabilities:			
Intergovernmental Accounts Payable:			
General Fund	6,781.01	2,148.42	8,929.43
Unearned Revenue	1,718.64	1,540.00	3,258.64
Total Current Liabilities	<u>8,499.65</u>	<u>3,688.42</u>	<u>12,188.07</u>
Total Liabilities	<u>8,499.65</u>	<u>3,688.42</u>	<u>12,188.07</u>
NET POSITION:			
Net Investment in Capital Assets	63,407.00		63,407.00
Unrestricted	61,373.94	47,824.72	109,198.66
Total Net Position	<u>\$ 124,780.94</u>	<u>\$ 47,824.72</u>	<u>\$ 172,605.66</u>

CLEMENTON SCHOOL DISTRICT
 Proprietary Funds
 Business-Type Activities - Enterprise Funds
 Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 For the Fiscal Year Ended June 30, 2013

	<u>Food Service</u>	<u>Camp Clementon Community Education</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 40,686.97		\$ 40,686.97
Daily Sales - Non-Reimbursable Programs	22,863.10		22,863.10
Special Functions	2,340.09		2,340.09
Tuition and Fees		\$ 75,569.24	75,569.24
Miscellaneous	1,489.26	85.00	1,574.26
Total Operating Revenues	<u>67,379.42</u>	<u>75,654.24</u>	<u>143,033.66</u>
OPERATING EXPENSES:			
Food Service Management Company Salaries	81,967.80		81,967.80
Personnel Services - Salaries	6,299.13	35,068.90	41,368.03
Food Service Management Company Employee Benefits	35,492.53		35,492.53
Personnel Services - Employee Benefits	481.88	2,682.77	3,164.65
Other Purchased Services	19,538.39	1,156.98	20,695.37
Supplies and Materials	9,243.24	6,599.75	15,842.99
Depreciation	7,884.00		7,884.00
Cost of Sales	92,442.50		92,442.50
Miscellaneous Expenditures	1,877.65		1,877.65
Total Operating Expenses	<u>255,227.12</u>	<u>45,508.40</u>	<u>300,735.52</u>
Operating Income (Loss)	<u>(187,847.70)</u>	<u>30,145.84</u>	<u>(157,701.86)</u>
NONOPERATING REVENUES (EXPENSES):			
State Sources:			
State School Lunch Program	3,110.77		3,110.77
Federal Sources:			
National School Breakfast Program	27,379.02		27,379.02
National School Lunch Program	124,038.29		124,038.29
Food Distribution Program	17,585.78		17,585.78
Interest and Investment Revenue		218.57	218.57
Total Nonoperating Revenues (Expenses)	<u>172,113.86</u>	<u>218.57</u>	<u>172,332.43</u>
Change in Net Position	(15,733.84)	30,364.41	14,630.57
Net Position, July 1	<u>140,514.78</u>	<u>17,460.31</u>	<u>157,975.09</u>
Net Position, June 30	<u>\$ 124,780.94</u>	<u>\$ 47,824.72</u>	<u>\$ 172,605.66</u>

CLEMENTON SCHOOL DISTRICT
Proprietary Funds
Business-Type Activities - Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2013

	<u>Food Service</u>	<u>Camp Clementon Community Education</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers and Users	\$ 67,379.42	\$ 75,664.24	\$ 143,043.66
Payments to Suppliers	(241,946.39)	(7,756.73)	(249,703.12)
Payments to Employees		(33,073.15)	(33,073.15)
Payments for Employee Benefits		(2,530.10)	(2,530.10)
	<u>(174,566.97)</u>	<u>32,304.26</u>	<u>(142,262.71)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Federal Sources	168,089.57		168,089.57
State Sources	2,868.39		2,868.39
	<u>170,957.96</u>	<u>-</u>	<u>170,957.96</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends Received		218.57	218.57
	<u>-</u>	<u>218.57</u>	<u>218.57</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,609.01)	32,522.83	28,913.82
Cash and Cash Equivalents, July 1	60,447.35	18,990.31	79,437.66
Cash and Cash Equivalents, June 30	<u>\$ 56,838.34</u>	<u>\$ 51,513.14</u>	<u>\$ 108,351.48</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (187,847.70)	\$ 30,145.84	\$ (157,701.86)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	7,884.00		7,884.00
(Increase) Decrease in Inventories for Consumption	(49.82)		(49.82)
(Increase) Decrease in Inventories for Resale	(1,334.46)		(1,334.46)
Increase (Decrease) in Interfund Accounts Payable	6,781.01	2,148.42	8,929.43
Increase (Decrease) in Unearned Revenue		10.00	10.00
	<u>13,280.73</u>	<u>2,158.42</u>	<u>15,439.15</u>
Total Adjustments	<u>13,280.73</u>	<u>2,158.42</u>	<u>15,439.15</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (174,566.97)</u>	<u>\$ 32,304.26</u>	<u>\$ (142,262.71)</u>

FIDUCIARY FUNDS

CLEMENTON SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Fiduciary Net Position
 June 30, 2013

	Private-Purpose Trust Funds			Agency Funds		
	Unemployment Compensation <u>Trust</u>	Flexible Benefits <u>Trust</u>	Scholarship <u>Fund</u>	Student <u>Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS:						
Cash and Cash Equivalents	\$ 66,288.71	\$ 1,093.54	\$ 10,185.45	\$ 25,270.37	\$ 16,253.32	\$ 119,091.39
Total Assets	<u>66,288.71</u>	<u>1,093.54</u>	<u>10,185.45</u>	<u>\$ 25,270.37</u>	<u>\$ 16,253.32</u>	<u>119,091.39</u>
LIABILITIES:						
Intergovernmental Accounts Payable:						
State	7,287.87					7,287.87
Payable to Student Groups				\$ 25,270.37		25,270.37
Payroll Deductions and Withholdings					\$ 16,253.32	16,253.32
Total Liabilities	<u>7,287.87</u>	<u>-</u>	<u>-</u>	<u>\$ 25,270.37</u>	<u>\$ 16,253.32</u>	<u>48,811.56</u>
NET POSITION:						
Held in Trust for Unemployment Claims and Other Purposes	<u>59,000.84</u>	<u>1,093.54</u>	<u>10,185.45</u>			<u>70,279.83</u>
Total Net Position	<u>\$ 59,000.84</u>	<u>\$ 1,093.54</u>	<u>\$ 10,185.45</u>			<u>\$ 70,279.83</u>

CLEMENTON SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2013

	<u>Private-Purpose Trust Funds</u>			<u>Total</u>
	<u>Unemployment Compensation Trust</u>	<u>Flexible Benefits Trust</u>	<u>Scholarship Fund</u>	
ADDITIONS:				
Contributions:				
From Board	\$ 30,000.00			\$ 30,000.00
Other	7,175.48	\$ 11,286.64		18,462.12
Total Contributions	<u>37,175.48</u>	<u>11,286.64</u>	<u>-</u>	<u>48,462.12</u>
Investment Earnings:				
Interest and Dividends	270.92	9.11	\$ 44.70	324.73
Net Investment Earnings	<u>270.92</u>	<u>9.11</u>	<u>44.70</u>	<u>324.73</u>
Total Additions	<u>37,446.40</u>	<u>11,295.75</u>	<u>44.70</u>	<u>48,786.85</u>
DEDUCTIONS:				
Claims	28,461.90	11,091.67		39,553.57
Total Deductions	<u>28,461.90</u>	<u>11,091.67</u>	<u>-</u>	<u>39,553.57</u>
Change in Net Position	8,984.50	204.08	44.70	9,233.28
Net Position, July 1	<u>50,016.34</u>	<u>889.46</u>	<u>10,140.75</u>	<u>61,046.55</u>
Net Position, June 30	<u>\$ 59,000.84</u>	<u>\$ 1,093.54</u>	<u>\$ 10,185.45</u>	<u>\$ 70,279.83</u>

CLEMENTON SCHOOL DISTRICT
 Fiduciary Funds
 Student Activity Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2013</u>
Elementary School:				
Clementon Elementary School	<u>\$ 22,183.04</u>	<u>\$ 18,538.57</u>	<u>\$ 15,451.24</u>	<u>\$ 25,270.37</u>
Total All Schools	<u><u>\$ 22,183.04</u></u>	<u><u>\$ 18,538.57</u></u>	<u><u>\$ 15,451.24</u></u>	<u><u>\$ 25,270.37</u></u>

CLEMENTON SCHOOL DISTRICT
 Fiduciary Funds
 Payroll and Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
ASSETS:				
Cash and Cash Equivalents	\$ 16,329.98	\$ 2,044,509.83	\$ 2,044,586.49	\$ 16,253.32
Total Assets	<u>\$ 16,329.98</u>	<u>\$ 2,044,509.83</u>	<u>\$ 2,044,586.49</u>	<u>\$ 16,253.32</u>
LIABILITIES:				
Intrafund Accounts Payable:				
Due Unemployment Compensation Trust		\$ 12,972.48	\$ 12,972.48	
Due Flexible Benefits Trust		7,725.00	7,725.00	
Payroll Deductions and Withholdings	\$ 16,329.98	<u>2,023,812.35</u>	<u>2,023,889.01</u>	\$ 16,253.32
Total Liabilities	<u>\$ 16,329.98</u>	<u>\$ 2,044,509.83</u>	<u>\$ 2,044,586.49</u>	<u>\$ 16,253.32</u>

LONG-TERM DEBT

CLEMENTON SCHOOL DISTRICT
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2013

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance June 30, 2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2013</u>
			<u>Date</u>	<u>Amount</u>					
Additions to School Building, Series 1999	02/01/99	\$ 1,995,000.00	02/01/14	\$ 240,000.00	4.45%	\$ 475,000.00		\$ 235,000.00	\$ 240,000.00
Renovations and Improvements to School Building, Series 2005	04/01/05	2,293,000.00	04/01/14	120,000.00	4.20%	1,883,000.00		1,763,000.00	120,000.00
Refunding School Bonds, Series 2013	05/01/13	1,753,000.00	04/01/14	33,000.00	1.65%				
			04/01/15	417,000.00					
			04/01/16	422,000.00					
			04/01/17	432,000.00					
			04/01/18	449,000.00					
						<u>\$ 1,753,000.00</u>		<u>1,753,000.00</u>	
						<u>\$ 2,358,000.00</u>	<u>\$ 1,753,000.00</u>	<u>\$ 1,998,000.00</u>	<u>\$ 2,113,000.00</u>
Refunded							\$ 1,653,000.00		
Budgeted Principal Payments							<u>345,000.00</u>		
							<u>\$ 1,998,000.00</u>		

CLEMENTON SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 335,512.00	-	\$ 335,512.00	\$ 335,512.00	-
State Sources:					
Debt Service Aid Type II	110,346.00		110,346.00	110,346.00	
Total - State Sources	110,346.00	-	110,346.00	110,346.00	-
Total Revenues	445,858.00	-	445,858.00	445,858.00	-
EXPENDITURES:					
Bond Issuance Costs	-	-	-	31,000.00	\$ (31,000.00)
Regular Debt Service:					
Interest on Bonds	100,858.00		100,858.00	100,857.50	0.50
Redemption of Principal	345,000.00		345,000.00	345,000.00	
Total Regular Debt Service	445,858.00	-	445,858.00	445,857.50	0.50
Total Expenditures	445,858.00		445,858.00	476,857.50	(30,999.50)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(30,999.50)	(30,999.50)

(Continued)

CLEMENTON SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Modifications / Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Financing Sources (Uses):					
Proceeds of Refunding Bonds				\$ 1,753,000.00	\$ 1,753,000.00
Payment to Refunded Bond Escrow Agent				(1,721,347.24)	(1,721,347.24)
Total Other Financing Sources (Uses)	-	-	-	31,652.76	31,652.76
Net Change in Fund Balance	-	-	-	653.26	653.26
Fund Balance, July 1	-	-	-	9,107.11	9,107.11
Fund Balance, June 30	-	-	-	<u>\$ 9,760.37</u>	<u>\$ 9,760.37</u>
Recapitulation:					
Restricted Fund Balance				<u>\$ 9,760.37</u>	

STATISTICAL SECTION

Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance.

CLEMENTON SCHOOL DISTRICT
 Net Position by Component
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities:										
Net Investment in Capital Assets	\$ 2,913,510.38	\$ 2,880,872.00	\$ 2,908,481.00	\$ 2,654,944.00	\$ 2,175,946.00	\$ 1,870,079.00	\$ 1,903,340.00	\$ 3,162,174.00	\$ 3,047,268.00	\$ 1,438,955.00
Restricted	866,878.64	1,791,768.00	1,278,322.00	1,569,554.00	2,000,616.00	1,950,882.00	1,563,451.00	1,309,150.00	893,028.00	138,202.00
Unrestricted	(610,570.45)	(521,393.21)	(688,122.00)	(881,117.00)	(641,971.00)	(501,459.00)	(540,047.00)	(612,515.00)	(623,386.00)	(802,524.00)
Total Governmental Activities Net Position	\$ 3,169,818.57	\$ 4,151,246.79	\$ 3,498,681.00	\$ 3,343,381.00	\$ 3,534,591.00	\$ 3,319,502.00	\$ 2,926,744.00	\$ 3,858,809.00	\$ 3,316,910.00	\$ 774,633.00
Business-Type Activities:										
Net Investment in Capital Assets	\$ 63,407.00	\$ 71,291.00	\$ 79,175.00	\$ 87,061.00	\$ 94,943.00	\$ 94,880.00	\$ 102,761.00			
Unrestricted	109,198.66	86,684.09	95,940.00	85,599.00	66,698.00	31,058.00	42,061.00	\$ 28,699.00	\$ 54,617.00	\$ 46,080.00
Total Business-Type Activities Net Position	\$ 172,605.66	\$ 157,975.09	\$ 175,115.00	\$ 172,660.00	\$ 161,641.00	\$ 125,938.00	\$ 144,822.00	\$ 28,699.00	\$ 54,617.00	\$ 46,080.00
Government-Wide:										
Net Investment in Capital Assets	\$ 2,976,917.38	\$ 2,952,163.00	\$ 2,987,656.00	\$ 2,742,005.00	\$ 2,270,889.00	\$ 1,964,959.00	\$ 2,006,101.00	\$ 3,162,174.00	\$ 3,047,268.00	\$ 1,438,955.00
Restricted	866,878.64	1,791,768.00	1,278,322.00	1,569,554.00	2,000,616.00	1,950,882.00	1,563,451.00	1,309,150.00	893,028.00	138,202.00
Unrestricted	(501,371.79)	(434,709.12)	(592,182.00)	(795,518.00)	(575,273.00)	(470,401.00)	(497,986.00)	(583,816.00)	(568,769.00)	(756,444.00)
Total Government-Wide Net Position	\$ 3,342,424.23	\$ 4,309,221.88	\$ 3,673,796.00	\$ 3,516,041.00	\$ 3,696,232.00	\$ 3,445,440.00	\$ 3,071,566.00	\$ 3,887,508.00	\$ 3,371,527.00	\$ 820,713.00

Source: Comprehensive Annual Financial Report Exhibit A-1.

CLEMENTON SCHOOL DISTRICT
 Changes in Net Position
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 2,889,736.57	\$ 2,300,491.00	\$ 2,880,613.00	\$ 3,138,592.00	\$ 2,790,857.00	\$ 2,931,980.00	\$ 2,843,399.00	\$ 2,463,594.00	\$ 3,262,119.00	\$ 3,165,013.00
Special Education	633,144.98	1,172,550.00	660,020.00	733,156.00	615,357.00	489,857.00	551,204.00	507,889.00	632,337.00	620,474.00
Other Special Instruction	1,000.00									
Other Instruction	34,531.68	32,534.00	31,908.00	34,720.00	44,588.00	40,202.00	33,355.00	30,710.00	40,823.00	45,345.00
Support Services:										
Tuition	3,795,588.99	3,709,226.00	3,728,817.00	3,771,456.00	3,552,263.00	3,018,031.00	2,885,197.00	2,905,990.00	2,408,465.00	2,755,926.00
Student and Instruction Related Services	806,058.08	830,822.00	842,179.00	865,119.00	776,704.00	784,592.00	633,412.00	682,566.00	798,733.00	809,394.00
Other Administrative Services	386,628.47	465,638.00	482,988.00	506,494.00	499,496.00	599,831.00	525,882.00	440,919.00	524,362.00	503,048.00
School Administrative Services	353,764.89	134,652.00	144,735.00	182,101.00	208,367.00	208,444.00	185,679.00	177,175.00	237,065.00	223,283.00
Plant Operations and Maintenance	517,495.86	437,070.00	466,227.00	470,756.00	874,254.00	533,813.00	519,500.00	432,484.00	572,121.00	567,341.00
Pupil Transportation	442,717.23	321,146.00	382,306.00	398,386.00	392,381.00	376,452.00	333,530.00	422,196.00	411,952.00	281,557.00
Unallocated Benefits	1,954,284.45	1,987,590.00	1,885,736.00	1,795,289.00	1,598,871.00	1,623,162.00	1,531,943.00	1,250,273.00		
Transfer of Funds to Charter School	34,141.00									
Interest on Long-term Debt	86,173.01	131,850.00	124,126.00	137,813.00	158,189.00	131,122.00	237,479.00	187,756.00	83,547.00	123,719.00
Unallocated Depreciation and Amortization	29,109.40	40,254.00	47,021.00	40,544.00	41,653.00	36,932.00	46,675.00	35,560.00	21,376.00	32,063.00
Total Governmental Activities Expenses	11,964,374.61	11,563,823.00	11,676,676.00	12,074,426.00	11,552,980.00	10,774,418.00	10,327,255.00	9,537,112.00	8,992,900.00	9,127,163.00
Business-Type Activities:										
Food Service	255,227.12	246,040.00	235,821.00	236,857.00	249,731.00	279,538.00	263,099.00	248,747.00	255,330.00	266,235.00
Camp Clementon Community Education	45,508.40	69,873.00	79,399.00	85,355.00	80,943.00	95,526.00	99,991.00	93,519.00	98,957.00	84,748.00
Total Business-Type Activities Expense	300,735.52	315,913.00	315,220.00	322,212.00	330,674.00	375,064.00	363,090.00	342,266.00	354,287.00	350,983.00
Total Government-Wide Expenses	\$ 12,265,110.13	\$ 11,879,736.00	\$ 11,991,896.00	\$ 12,396,638.00	\$ 11,883,654.00	\$ 11,149,482.00	\$ 10,690,345.00	\$ 9,879,378.00	\$ 9,347,187.00	\$ 9,478,146.00
Program Revenues:										
Governmental Activities:										
Charges for Services	\$ 1,324.00	\$ 12,516.00								
Operating Grants and Contributions	1,274,180.80	1,288,943.00	\$ 1,300,677.00	\$ 1,330,203.00	\$ 1,225,426.00	\$ 1,979,421.00	\$ 1,892,056.00	\$ 1,649,773.00	\$ 1,521,817.00	\$ 1,486,992.00
Total Governmental Activities Program Revenues	1,275,504.80	1,301,459.00	1,300,677.00	1,330,203.00	1,225,426.00	1,979,421.00	1,892,056.00	1,649,773.00	1,521,817.00	1,486,992.00
Business-Type Activities:										
Charges for services:										
Food Service	67,379.42	61,727.00	69,567.00	77,298.00	85,475.00	88,704.00	86,871.00	95,302.00	108,549.00	102,845.00
Camp Clementon Community Education	75,654.24	58,153.00	64,603.00	88,156.00	108,461.00	104,696.00	99,668.00	83,557.00	84,346.00	79,850.00
Operating Grants and Contributions	172,113.86	178,613.00	183,026.00	167,560.00	155,275.00	134,057.00	135,807.00	130,042.00	132,648.00	128,246.00
Total Business-Type Activities Program Revenues	315,147.52	298,493.00	317,196.00	333,014.00	349,211.00	327,457.00	322,346.00	308,901.00	325,543.00	310,941.00
Total Government-Wide Program Revenues	\$ 1,590,652.32	\$ 1,599,952.00	\$ 1,617,873.00	\$ 1,663,217.00	\$ 1,574,637.00	\$ 2,306,878.00	\$ 2,214,402.00	\$ 1,958,674.00	\$ 1,847,360.00	\$ 1,797,933.00
Net (Expense) / Revenue:										
Governmental Activities	\$ (10,688,869.81)	\$ (10,262,364.00)	\$ (10,375,999.00)	\$ (10,744,223.00)	\$ (10,327,554.00)	\$ (8,794,997.00)	\$ (8,435,199.00)	\$ (7,887,339.00)	\$ (7,471,083.00)	\$ (7,640,171.00)
Business-Type Activities	14,412.00	(17,420.00)	1,976.00	10,802.00	18,537.00	(47,607.00)	(40,744.00)	(33,365.00)	(28,744.00)	(40,042.00)
Total Government-Wide Net Expense	\$ (10,674,457.81)	\$ (10,279,784.00)	\$ (10,374,023.00)	\$ (10,733,421.00)	\$ (10,309,017.00)	\$ (8,842,604.00)	\$ (8,475,943.00)	\$ (7,920,704.00)	\$ (7,499,827.00)	\$ (7,680,213.00)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes, Levied for General Purposes	\$ 3,918,979.00	\$ 3,842,137.00	\$ 3,767,070.00	\$ 3,622,183.00	\$ 3,636,393.00	\$ 3,636,393.00	\$ 3,513,423.00	\$ 3,391,494.00	\$ 3,210,696.00	\$ 2,968,832.00
Property Taxes, Levied for Debt Service	335,512.00	289,880.00	330,079.00	328,214.00	253,451.00	253,451.00	248,092.00	273,847.00	110,600.00	155,185.00
Federal and State Aid - Unrestricted	6,303,600.34	6,522,811.00	6,222,122.00	6,294,023.00	6,023,958.00	4,701,628.00	4,382,239.00	4,371,405.00	4,434,394.00	4,180,369.00
Federal and State Aid - Restricted	84,966.42			144,418.00				28,068.00	2,267,748.00	150,157.00
Interest and Investment Earnings - Unrestricted	10,695.10	1,396.00	2,877.00	844.00	638.00	26,370.00	52,484.00	91,618.00	18,210.00	4.00
Interest and Investment Earnings - Restricted	1,163.76									
Miscellaneous	82,759.97	169,958.00	209,151.00	163,331.00	318,015.00	597,619.00	629,850.00	277,806.00	7,410.00	112,435.00
Reclassification of Construction in Progress							(1,278,989.00)			
Special Items:										
Gain (Loss) on Disposal of Capital Assets		(79,175.00)								
Transfers					(8,899.00)	(27,706.00)	(43,965.00)	(5,000.00)	(35,698.00)	(30,000.00)
Total Governmental Activities	10,737,676.59	10,747,007.00	10,531,299.00	10,553,013.00	10,223,556.00	9,187,755.00	7,503,134.00	8,429,238.00	10,013,360.00	7,536,982.00

CLEMENTON SCHOOL DISTRICT
 Changes in Net Position
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Revenues and Other Changes in Net Position (Cont'd):										
Business-Type Activities:										
Interest and Investment Earnings - Unrestricted	\$ 218.57	\$ 278.00	\$ 479.00	\$ 217.00	\$ 317.00	\$ 1,017.00	\$ 2,122.00	\$ 2,447.00	\$ 1,583.00	\$ 646.00
Reclassification of Construction in Progress							110,780.00			
Transfers					8,899.00	27,706.00	43,965.00	5,000.00	35,698.00	30,000.00
Total Business-Type Activities	<u>218.57</u>	<u>278.00</u>	<u>479.00</u>	<u>217.00</u>	<u>9,216.00</u>	<u>28,723.00</u>	<u>156,867.00</u>	<u>7,447.00</u>	<u>37,281.00</u>	<u>30,646.00</u>
Total Government-Wide	<u>\$ 10,737,895.16</u>	<u>\$ 10,747,285.00</u>	<u>\$ 10,531,778.00</u>	<u>\$ 10,553,230.00</u>	<u>\$ 10,232,772.00</u>	<u>\$ 9,216,478.00</u>	<u>\$ 7,660,001.00</u>	<u>\$ 8,436,685.00</u>	<u>\$ 10,050,641.00</u>	<u>\$ 7,567,628.00</u>
Change in Net Position:										
Governmental Activities	\$ 48,806.78	\$ 484,643.00	\$ 155,300.00	\$ (191,210.00)	\$ (103,998.00)	\$ 392,758.00	\$ (932,065.00)	\$ 541,899.00	\$ 2,542,277.00	\$ (103,189.00)
Business-Type Activities	<u>14,630.57</u>	<u>(17,142.00)</u>	<u>2,455.00</u>	<u>11,019.00</u>	<u>27,753.00</u>	<u>(18,884.00)</u>	<u>116,123.00</u>	<u>(25,918.00)</u>	<u>8,537.00</u>	<u>(9,396.00)</u>
Total Government-Wide	<u>\$ 63,437.35</u>	<u>\$ 467,501.00</u>	<u>\$ 157,755.00</u>	<u>\$ (180,191.00)</u>	<u>\$ (76,245.00)</u>	<u>\$ 373,874.00</u>	<u>\$ (815,942.00)</u>	<u>\$ 515,981.00</u>	<u>\$ 2,550,814.00</u>	<u>\$ (112,585.00)</u>

Source: Comprehensive Annual Financial Report Exhibit A-2.

CLEMENTON SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund:										
Restricted	\$ 1,686,744.27	\$ 1,410,581.00	\$ 824,913.00	\$ 389,681.00	\$ 1,124,611.00	\$ 840,949.00	\$ 511,697.00	\$ 111,526.00	\$ 129,776.00	\$ 37,921.00
Assigned	109,771.39	372,080.00	401,491.00	899,919.00	511,029.00	164,246.00	438,295.00	545,524.00	198,338.00	59,349.00
Unassigned	(341,800.43)	(316,459.90)	(181,792.00)	(337,284.00)	(148,714.00)	279,719.00	86,492.00	(46,974.00)	13,915.00	35,955.00
Total General Fund	\$ 1,454,715.23	\$ 1,466,201.10	\$ 1,044,612.00	\$ 952,316.00	\$ 1,486,926.00	\$ 1,284,914.00	\$ 1,036,484.00	\$ 610,076.00	\$ 342,029.00	\$ 133,225.00
All Other Governmental Funds:										
Restricted	\$ 9,760.37	\$ 9,107.11	\$ 51,918.00	\$ 289,258.00	\$ 364,976.00	\$ 732,380.00	\$ 613,459.00	\$ 652,100.00	\$ 564,914.00	\$ 37,809.00
Unassigned	(6,216.49)		(12,541.00)	(9,304.00)		(31,637.00)	(24,912.00)	(13,825.00)	(10,939.00)	(24,912.00)
Total All Other Governmental Funds	\$ 3,543.88	\$ 9,107.11	\$ 39,377.00	\$ 279,954.00	\$ 364,976.00	\$ 700,743.00	\$ 588,547.00	\$ 638,275.00	\$ 553,975.00	\$ 12,897.00

Source: Comprehensive Annual Financial Report Exhibit B-1.

CLEMENTON SCHOOL DISTRICT
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Local Tax Levy	\$ 4,254,491.00	\$ 4,132,017.00	\$ 4,097,149.00	\$ 3,950,397.00	\$ 3,889,844.00	\$ 3,889,844.00	\$ 3,761,515.00	\$ 3,665,341.00	\$ 3,321,296.00	\$ 3,124,017.00
Tuition Charges	1,324.00	12,516.00	85,115.00	99,547.00						
Interest Earned on Capital Reserve Funds	1,163.76									
Interest Earnings		1,396.00	2,877.00	844.00	638.00	26,370.00	52,484.00	91,618.00	18,210.00	4.00
Unrestricted Miscellaneous Revenues	93,455.07	169,958.00	124,036.00	63,784.00	318,015.00	597,619.00	629,850.00	272,806.00	7,410.00	124,739.00
Federal Sources	428,749.49	756,140.00	546,329.00	1,642,238.00	465,739.00	479,997.00	442,763.00	543,146.00	487,390.00	466,968.00
State Sources	7,233,998.07	7,055,614.00	6,976,470.00	6,126,406.00	6,785,025.00	6,201,052.00	5,831,532.00	5,506,100.00	7,750,541.00	5,350,549.00
Total Revenue	12,013,181.39	12,127,641.00	11,831,976.00	11,883,216.00	11,459,261.00	11,194,882.00	10,718,144.00	10,079,011.00	11,584,847.00	9,066,277.00
Expenditures:										
Current:										
Instruction:										
Regular Instruction	2,684,144.72	2,160,009.00	2,653,458.00	2,856,292.00	2,563,377.00	2,718,088.00	2,603,700.00	2,369,140.00	2,412,918.00	2,327,093.00
Special Education Instruction	636,778.17	1,172,550.00	660,020.00	733,156.00	615,357.00	489,857.00	551,204.00	507,889.00	481,613.00	451,630.00
Other Special Instruction	1,000.00									
Other Instruction	34,531.68	32,534.00	31,908.00	34,720.00	44,588.00	40,202.00	33,355.00	30,710.00	31,538.00	43,355.00
Support Services and Undistributed Costs:										
Tuition	3,795,588.99	3,709,226.00	3,728,817.00	3,771,456.00	3,552,263.00	3,018,031.00	2,885,197.00	2,905,990.00	2,408,465.00	2,755,926.00
Student and Instruction Related Services	806,058.08	830,822.00	842,179.00	865,119.00	776,704.00	784,592.00	633,412.00	682,566.00	662,641.00	669,946.00
Other Administrative Services	308,725.07	436,235.00	446,815.00	476,800.00	468,692.00	567,923.00	493,391.00	419,544.00	411,833.00	380,859.00
School Administrative Services	353,764.89	134,652.00	144,735.00	182,101.00	208,367.00	208,444.00	185,679.00	177,175.00	176,354.00	166,823.00
Plant Operations and Maintenance	455,390.30	407,667.00	405,861.00	441,062.00	502,179.00	487,939.00	434,288.00	438,878.00	484,873.00	479,242.00
Pupil Transportation	442,717.23	321,146.00	382,306.00	398,386.00	392,381.00	376,452.00	333,530.00	422,196.00	411,952.00	281,557.00
Unallocated Benefits	2,017,492.46	2,016,030.00	1,915,406.00	1,824,939.00	1,628,502.00	1,623,162.00	1,561,538.00	1,279,851.00	1,238,611.00	1,165,411.00
Capital Outlay	45,693.16	37,473.00	319,457.00	465,939.00	384,707.00	43,973.00	81,588.00	77,892.00	4,060,069.00	261,057.00
Transfer of Funds to Charter Schools	34,141.00	32,686.00								
Debt Service:										
Principal	345,000.00	330,000.00	320,000.00	310,000.00	290,000.00	280,000.00	255,000.00	223,000.00	205,000.00	195,000.00
Interest and Other Charges	100,857.50	115,292.00	129,295.00	142,878.00	155,620.00	167,887.00	245,617.00	191,833.00	109,667.00	123,719.00
Total Expenditures	12,061,883.25	11,736,322.00	11,980,257.00	12,502,848.00	11,582,737.00	10,806,550.00	10,297,499.00	9,726,664.00	13,095,534.00	9,301,618.00
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(48,701.86)	391,319.00	(148,281.00)	(619,632.00)	(123,476.00)	388,332.00	420,645.00	352,347.00	(1,510,687.00)	(235,341.00)
Other Financing Sources (Uses):										
Proceeds from Borrowing									2,293,000.00	137,696.00
State Aid Cancelled					(1,380.00)					
Proceeds of Refunding Bonds	1,753,000.00									
Payment to Refunded Bond Escrow Agent	(1,721,347.24)									
Transfers In		9,126.00	570.00	145,996.00	3,865.00	24,426.00	49,939.00	91,608.00	50,964.00	143.00
Transfers Outs		(9,126.00)	(570.00)	(145,996.00)	(12,764.00)	(52,132.00)	(93,904.00)	(91,608.00)	(86,662.00)	(30,143.00)
Total Other Financing Sources (Uses)	31,652.76	-	-	-	(10,279.00)	(27,706.00)	(43,965.00)	-	2,257,302.00	107,696.00
Net Change in Fund Balances	\$ (17,049.10)	\$ 391,319.00	\$ (148,281.00)	\$ (619,632.00)	\$ (133,755.00)	\$ 360,626.00	\$ 376,680.00	\$ 352,347.00	\$ 746,615.00	\$ (127,645.00)
Debt Service as a Percentage of										
Noncapital Expenditures	3.7%	3.8%	3.9%	3.8%	4.0%	4.2%	4.9%	4.3%	3.5%	3.5%

Source: Comprehensive Annual Financial Report Exhibit B-2.

CLEMENTON SCHOOL DISTRICT
 General Fund - Unrestricted Miscellaneous Revenues by Source
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
BPU Contribution						\$ 151,031.00				
Dissolution Asset Settlement					\$ 188,710.00	281,683.00	\$ 488,927.00	\$ 239,640.00		\$ 92,973.00
E-Rate Reimbursements	\$ 21,053.94	\$ 21,450.00	\$ 3,977.00		521.00	7,933.00	4,252.00			278.00
Insurance Reimbursements / Surplus	6,170.00					90,000.00				
Interest on Investments	10,695.10	15,816.00	21,807.00	\$ 9,242.00	19,191.00	70,259.00	106,969.00	123,018.00		8,631.00
Miscellaneous	3,231.08	13,412.00	4,342.00		9,333.00	11,887.00		6.00	\$ 348.00	12,406.00
Refunds	6,494.28	35,001.00	50,547.00	5,278.00	9,895.00		82,186.00	1,760.00		2,400.00
Rent	4,400.00									
Refund of Prior Year's Expenditures	14,370.67									
Solar Renewable Energy Credits	27,040.00	85,675.00	46,240.00	50,108.00	24,660.00					
Tuition		12,516.00	85,115.00	99,547.00	66,343.00	11,196.00			7,067.00	7,912.00
	<u>\$ 93,455.07</u>	<u>\$ 183,870.00</u>	<u>\$ 212,028.00</u>	<u>\$ 164,175.00</u>	<u>\$ 318,653.00</u>	<u>\$ 623,989.00</u>	<u>\$ 682,334.00</u>	<u>\$ 364,424.00</u>	<u>\$ 7,415.00</u>	<u>\$ 124,600.00</u>

Source: School District records.

Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

CLEMENTON SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Years
Unaudited

Year Ended Dec. 31	Vacant Land	Residential	Farm	Qfarm	Commercial	Apartment	Total Assessed Value	Public Utilities ⁽¹⁾	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ⁽²⁾
2013	\$ 4,505,400.00	\$ 224,319,000.00	\$ 179,500.00	\$ 6,000.00	\$ 44,053,800.00	\$ 14,619,800.00	\$ 287,683,500.00	\$ 495,251.00	\$ 288,178,751.00	*	*	\$ 1.489
2012	4,490,900.00	225,130,300.00	179,500.00	6,000.00	44,091,900.00	14,619,800.00	288,518,400.00	530,077.00	289,048,477.00	\$ 37,487,500.00	\$ 278,685,548.00	1.450
2011 ^(f)	4,478,000.00	225,381,800.00	179,500.00	6,000.00	44,198,200.00	14,619,800.00	288,863,300.00	552,147.00	289,415,447.00	37,683,100.00	291,064,564.00	1.421
2010	3,054,000.00	136,021,730.00	103,100.00	3,600.00	25,652,300.00	7,536,100.00	172,370,830.00	392,444.00	172,763,274.00	25,792,800.00	297,371,722.00	2.329
2009	3,074,300.00	135,825,680.00	103,100.00	3,600.00	25,652,300.00	7,536,100.00	172,195,080.00	413,095.00	172,608,175.00	25,694,500.00	291,476,778.00	2.271
2008	3,178,100.00	135,158,580.00	103,100.00	3,600.00	25,941,900.00	7,536,100.00	171,921,380.00	395,118.00	172,316,498.00	25,178,700.00	285,845,128.00	2.257
2007	3,227,600.00	134,331,980.00	103,100.00	3,600.00	26,063,300.00	7,536,100.00	171,265,680.00	408,926.00	171,674,606.00	25,178,700.00	263,432,500.00	2.228
2006	3,159,300.00	133,439,430.00	103,100.00	3,600.00	26,739,900.00	7,536,100.00	170,981,430.00	450,503.00	171,431,933.00	24,864,200.00	220,237,369.00	2.166
2005	3,431,000.00	132,989,630.00	103,100.00	3,600.00	26,409,900.00	7,536,100.00	170,473,330.00	562,527.00	171,035,857.00	24,633,000.00	194,822,987.00	2.042
2004	3,900,100.00	132,306,430.00	92,300.00	3,600.00	28,234,500.00	7,536,100.00	172,073,030.00	632,876.00	172,705,906.00	22,669,000.00	188,876,013.00	1.866

^(f) revaluation

⁽¹⁾ taxable value of communication equipment.

⁽²⁾ tax rates are per \$100.00 of assessed valuation.

* information not available.

Source: Camden County Board of Taxation.

CLEMENTON SCHOOL DISTRICT
 Direct and Overlapping Property Tax Rates
 Last Ten Years
 (Rate per \$100 of Assessed Value)
Unaudited

Year Ended Dec. 31	School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	<u>Basic Rate</u>	General Obligation Debt <u>Service</u>	Total Direct School <u>Tax Rate</u>	<u>Borough of Clementon</u>	<u>Camden County</u>	
2013	\$ 1.374	\$ 0.115	\$ 1.489	\$ 1.195	*	\$ 2.684
2012	1.343	0.108	1.450	1.152	0.744	3.346
2011 ^(r)	1.315	0.107	1.421	1.101	0.717	3.239
2010	2.139	0.191	2.329	1.724	1.121	5.174
2009	2.103	0.168	2.271	1.646	1.048	4.965
2008	2.110	0.147	2.257	1.572	1.054	4.883
2007	2.082	0.146	2.228	1.522	1.079	4.829
2006	2.014	0.152	2.166	1.283	1.041	4.490
2005	1.930	0.112	2.042	1.263	0.946	4.251
2004	1.789	0.077	1.866	1.243	0.966	4.075

^(r) revaluation

* information not available.

Source: Municipal Tax Collector.

CLEMENTON SCHOOL DISTRICT
Principal Property Tax Payers
Current Year and Nine Years Ago
Unaudited

<u>Taxpayer</u>	2013			2004		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
Clementon Land LLC	\$ 8,495,900.00	1	2.95%	\$ 2,924,500.00	2	1.69%
Silver Lake Manor LLC	7,041,800.00	2	2.44%	4,180,700.00	1	2.42%
Medici LLC	3,829,700.00	3	1.33%			
Chestnut Arm Realty LLC	3,826,900.00	4	1.33%	1,600,000.00	5	0.93%
First Northern Star	2,608,100.00	5	0.91%	1,785,000.00	4	1.03%
Three-B Sac Self Storage Limited	2,100,400.00	6	0.73%	1,350,000.00	6	0.78%
Clementon Equities LLC	2,062,900.00	7	0.72%			
Daniel G. Kamin White Horse Pike LLC	1,950,000.00	8	0.68%			
Clementon Norse LLC	1,684,800.00	9	0.58%			
1000 Park Ave Investments LLC	1,488,500.00	10	0.52%			
Connecticut Yankee Real Estate				2,098,800.00	3	1.22%
Rite Aid Corporation				1,002,000.00	7	0.58%
Dionysius				875,500.00	8	0.51%
Total	\$ 35,089,000.00		12.18%	\$ 15,816,500.00		9.16%

Source: Municipal Tax Assessor.

CLEMENTON SCHOOL DISTRICT
 Property Tax Levies and Collections
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended <u>June 30,</u>	School District Taxes Levied for the <u>Fiscal Year</u>	Collected within the Fiscal Year of the <u>the Levy</u> ⁽¹⁾		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2013	\$ 4,254,491.00	\$ 3,899,950.09	91.67%	\$ 354,540.91
2012	4,132,017.00	3,443,347.50	83.33%	688,669.50
2011	4,097,149.00	4,097,149.00	100.00%	-
2010	3,950,397.00	3,950,397.00	100.00%	-
2009	3,889,844.00	3,889,844.00	100.00%	-
2008	3,889,844.00	3,889,844.00	100.00%	-
2007	3,761,515.00	3,761,515.00	100.00%	-
2006	3,665,341.00	3,665,341.00	100.00%	-
2005	3,321,296.00	3,321,296.00	100.00%	-
2004	3,124,017.00	3,124,017.00	100.00%	-

⁽¹⁾ School District 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 or certified prior to the end of the school year.

Source: School District records.

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the School District's outstanding debt and its debt capacity.

CLEMENTON SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities			Total School District	Percentage of Personal Income ⁽³⁾	Per Capita ⁽⁴⁾
	General Obligation Bonds ⁽¹⁾	Capital Leases ⁽¹⁾	Business-Type Activities ⁽²⁾			
2013	\$ 2,113,000.00	-	-	\$ 2,113,000.00	*	*
2012	2,358,000.00	-	-	2,358,000.00	*	\$ 471.32
2011	2,688,000.00	-	-	2,688,000.00	1.25%	538.03
2010	3,008,000.00	-	-	3,008,000.00	1.41%	601.72
2009	3,318,000.00	-	-	3,318,000.00	1.64%	678.25
2008	3,608,000.00	\$ 31,193.00	-	3,639,193.00	1.77%	743.45
2007	3,888,000.00	61,201.00	-	3,949,201.00	1.99%	802.85
2006	4,143,000.00	90,068.00	-	4,233,068.00	2.22%	860.20
2005	4,366,000.00	117,838.00	-	4,483,838.00	2.51%	910.42
2004	2,278,000.00	150,000.00	-	2,428,000.00	1.41%	492.49

Sources:

⁽¹⁾ School District records.

⁽²⁾ No outstanding debt exists for business-type activities.

⁽³⁾ Personal income has been estimated based upon the municipal population and per capita.

⁽⁴⁾ Per Capita calculation based upon population information provided by the New Jersey Department of Labor and Workforce Development.

* information not available.

CLEMENTON SCHOOL DISTRICT
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended <u>June 30,</u>	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation <u>Taxable</u> ⁽²⁾	<u>Per Capita</u> ⁽³⁾
	General Obligation <u>Bonds</u>	<u>Deductions</u>	Net General Bonded Debt Outstanding ⁽¹⁾		
2013	\$ 2,113,000.00	-	\$ 2,113,000.00	0.73%	*
2012	2,358,000.00	-	2,358,000.00	0.82%	471.32
2011	2,688,000.00	-	2,688,000.00	0.93%	538.03
2010	3,008,000.00	-	3,008,000.00	1.74%	601.72
2009	3,318,000.00	-	3,318,000.00	1.92%	678.25
2008	3,608,000.00	-	3,608,000.00	2.09%	737.08
2007	3,888,000.00	-	3,888,000.00	2.26%	790.40
2006	4,143,000.00	-	4,143,000.00	2.42%	841.90
2005	4,366,000.00	-	4,366,000.00	2.55%	886.50
2004	2,278,000.00	-	2,278,000.00	1.32%	462.07

Sources:

⁽¹⁾ School District records.

⁽²⁾ Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation.

⁽³⁾ Per Capita calculation based upon population information provided by the New Jersey Department of Labor and Workforce Development.

* information not available.

CLEMENTON SCHOOL DISTRICT
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2012
Unaudited

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Statutory Net Debt Outstanding</u>	<u>Net Debt Outstanding Allocated to Clementon Borough</u>
Municipal Debt: ⁽¹⁾				
Clementon School District	\$ 2,358,000.00	\$ 2,358,000.00		
Self-Liquidating Purposes	1,467,309.00	1,467,309.00		
Municipal / County General Obligations	<u>5,554,571.84</u>	<u>648,180.10</u>	<u>\$ 4,906,391.74</u>	<u>\$ 4,906,391.74</u>
	<u>9,379,880.84</u>	<u>4,473,489.10</u>	<u>4,906,391.74</u>	<u>4,906,391.74</u>
Overlapping Debt Apportioned to the Municipality:				
County of Camden: ⁽²⁾				
General:				
Bonds	44,081,645.00	10,684,251.00 ⁽³⁾	33,397,394.00	246,689.00 ⁽⁵⁾
Loan Agreements	147,285,000.00		147,285,000.00	1,087,916.90 ⁽⁵⁾
Bonds Issued by Other Public Bodies Guaranteed by the County	<u>681,777,740.00</u>	<u>681,777,740.00</u> ⁽⁴⁾		
	<u>873,144,385.00</u>	<u>692,461,991.00</u>	<u>180,682,394.00</u>	<u>1,334,605.90</u>
	<u>\$ 882,524,265.84</u>	<u>\$ 696,935,480.10</u>	<u>\$ 185,588,785.74</u>	<u>\$ 6,240,997.64</u>

Sources:

⁽¹⁾ 2012 Annual Debt Statement - Clementon Borough

⁽²⁾ County of Camden

⁽³⁾ includes reserve for payment of bonds, other accounts receivable, and general obligation pension refunding bonds

⁽⁴⁾ deductible in accordance with N.J.S. 40:37A-80

⁽⁵⁾ Such debt is allocated as a proportion of the Borough's share of the total 2012 Equalized Value, which is .74%.
 The source for this computation was the 2012 Table of Equalized Valuations, which is supplied by the New Jersey Division of Taxation.

CLEMENTON SCHOOL DISTRICT
 Legal Debt Margin Information
 Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Calendar Year 2012:

Equalized Valuation Basis: ⁽¹⁾

2012	\$	280,632,623.00
2011		277,326,517.00
2010		<u>289,650,193.00</u>
	[A]	<u>\$ 847,609,333.00</u>
Average equalized valuation of taxable property	[A/3]	\$ 282,536,444.33
Debt limit (4% of average equalization value) ⁽²⁾	[B]	11,301,457.77
Total Net Debt Applicable to Limit	[C]	<u>2,113,000.00</u>
Legal Debt Margin	[B-C]	<u>\$ 9,188,457.77</u>

	Fiscal Year Ended June 30,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt limit	\$ 9,188,457.77	\$ 8,623,877.00	\$ 8,743,937.00	\$ 8,679,209.00	\$ 8,340,294.00	\$ 7,628,329.00	\$ 6,747,276.00	\$ 5,999,965.00	\$ 5,621,836.00	\$ 5,352,000.00
Total net debt applicable to limit ⁽³⁾	<u>2,113,000.00</u>	<u>2,358,000.00</u>	<u>2,688,000.00</u>	<u>3,008,000.00</u>	<u>3,318,000.00</u>	<u>3,608,000.00</u>	<u>3,888,000.00</u>	<u>4,143,000.00</u>	<u>4,366,000.00</u>	<u>2,278,000.00</u>
Legal debt margin	<u>\$ 7,075,457.77</u>	<u>\$ 6,265,877.00</u>	<u>\$ 6,055,937.00</u>	<u>\$ 5,671,209.00</u>	<u>\$ 5,022,294.00</u>	<u>\$ 4,020,329.00</u>	<u>\$ 2,859,276.00</u>	<u>\$ 1,856,965.00</u>	<u>\$ 1,255,836.00</u>	<u>\$ 3,074,000.00</u>
Total net debt applicable to the limit as a percentage of debt limit	23.00%	27.34%	30.74%	34.66%	39.78%	47.30%	57.62%	69.05%	77.66%	42.56%

Sources:

⁽¹⁾ 2012 Annual Debt Statement - Clementon Borough

⁽²⁾ Limit set by N.J.S.A. 18A:24-19 for a K through 12 district.

⁽³⁾ School District records.

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

CLEMENTON SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended <u>June 30,</u>	<u>Population</u> ⁽¹⁾		<u>Personal Income</u> ⁽²⁾		<u>Per Capita Personal Income</u> ⁽³⁾	<u>Unemployment Rate</u> ⁽⁴⁾
2012	5,003		*		*	17.3%
2011	4,996	\$	215,322,604.00	\$	43,099.00	17.1%
2010	4,999		213,557,280.00		42,720.00	17.4%
2009	4,892		202,558,152.00		41,406.00	16.6%
2008	4,895		205,550,840.00		41,992.00	10.9%
2007	4,919		198,038,940.00		40,260.00	8.3%
2006	4,921		190,299,991.00		38,671.00	9.1%
2005	4,925		178,772,575.00		36,299.00	8.0%
2004	4,930		172,328,150.00		34,955.00	5.7%
2003	4,951		167,205,172.00		33,772.00	6.4%

Sources:

⁽¹⁾ *Annual Estimates of the Resident Population for Municipalities in New Jersey, by County: July 1, 2003 to July 1, 2012*

⁽²⁾ *Personal income has been estimated based upon the municipal population and per capita personal income.*

⁽³⁾ *Regional Economic Information System, Bureau of Economic Analysis, November 2012.*

⁽⁴⁾ *New Jersey Department of Labor and Workforce Development Labor Planning and Analysis Local Area Unemployment Statistics - March 30, 2012.*

* *information not available.*

CLEMENTON SCHOOL DISTRICT
 Principal Non-Governmental Employers
 Current Year and Nine Years Ago
Unaudited

	2013			2004		
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>

Source: Individual employers.

Information regarding the ten principal non-governmental employers for 2013 and 2004 could not be accumulated by the School District as a result of not having a source from which to obtain such information.

Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

CLEMENTON SCHOOL DISTRICT
 Full-Time Equivalent District Employees by Function/Program
 Last Ten Fiscal Years
Unaudited

Function / Program	Fiscal Year Ended June 30,									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Instruction:										
Regular Instruction	49	49	50	52	51	50	50	50	51	52
Support Services:										
Student and Instruction Related Services	18	18	18	15	18	19	20	20	20	23
School Administrative Services	3	3	3	3	4	4	4	4	4	4
General and Business Administrative Services	5	5	6	6	6	6	5	6	6	6
Plant Operations and Maintenance	4	4	3	4	4	4	4	4	4	4
Food Service						1	1	1	2	4
Camp Clementon Community Education	6	8	12	12	11	11	11	8	8	8
Total	<u>85</u>	<u>87</u>	<u>92</u>	<u>92</u>	<u>94</u>	<u>95</u>	<u>95</u>	<u>93</u>	<u>95</u>	<u>101</u>

Source: School District records.

CLEMENTON SCHOOL DISTRICT
 Operating Statistics
 Last Ten Fiscal Years
Unaudited

<u>Fiscal Year Ended June 30.</u>	<u>Enrollment</u>	<u>Operating Expenditures *</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff (Certified)</u>	<u>Pupil / Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2013	468	\$ 11,536,191.59	\$ 24,649.98	3.03%	49	1:04	457.4	449.9	0.29%	98.36%
2012	469	11,220,871.00	23,925.10	6.49%	49	1:04	456.1	443.1	-6.02%	97.15%
2011	499	11,211,505.00	22,467.95	-3.80%	52	1:05	485.3	468.9	-4.56%	96.62%
2010	496	11,584,031.00	23,354.90	10.34%	51	1:03	508.5	477.7	-0.88%	93.94%
2009	508	10,752,410.00	21,166.16	5.27%	50	1:03	513.0	481.5	-3.57%	93.86%
2008	513	10,314,690.00	20,106.61	10.31%	50	1:07	532.0	501.0	-7.49%	94.17%
2007	533	9,715,294.00	18,227.57	13.31%	50	1:15	575.1	540.4	-5.36%	93.97%
2006	574	9,233,939.00	16,087.00	12.34%	51	1:11	607.7	569.7	2.05%	93.75%
2005	609	8,720,798.00	14,319.87	-0.83%	52	1:10	595.5	556.2	0.27%	93.40%
2004	604	8,721,842.00	14,440.14	-0.99%	57	1:11	593.9	555.3	0.00%	93.50%

Sources: School District records.

* operating expenditures equal total expenditures less capital outlay, transfer to charter school, and debt service.

CLEMENTON SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
Unaudited

	Fiscal Year Ended June 30,									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
School District Building:										
Elementary:										
Clementon Elementary School (1980)										
Square Feet	79,937	79,937	79,937	79,937	79,937	79,937	79,937	79,937	79,115	79,115
Functional Capacity (students)	700	700	700	700	700	700	700	700	600	600
Enrollment	468	469	499	496	508	513	533	574	612	604
Other:										
Central Administration (1946)										
Square Feet	850	850	850	850	850	850	850	850	850	850
Functional Capacity (students)	-	-	-	-	-	-	-	-	-	-
Enrollment	-	-	-	-	-	-	-	-	-	-

Number of Schools at June 30, 2013
 Elementary = 1

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October School District count. Function Capacity is based on the F.E.S. Formula utilizing New Jersey Department of Education guidelines.

Source: School District records.

CLEMENTON SCHOOL DISTRICT
 Schedule of Required Maintenance for School Facilities
 Last Ten Fiscal Years
Unaudited

Undistributed Expenditures - Required Maintenance for School Facilities

11-000-261-xxx

		<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
* <u>School Facilities</u>	<u>Project # (s)</u>										
Clementon Elementary School	N/A	<u>\$ 61,746.64</u>	<u>\$ 32,044.00</u>	<u>\$ 30,919.00</u>	<u>\$ 28,849.00</u>	<u>\$ 106,239.00</u>	<u>\$ 40,431.00</u>	<u>\$ 31,258.00</u>	<u>\$ 35,640.00</u>	<u>\$ 31,352.00</u>	<u>\$ 37,611.00</u>
Total School Facilities		<u>\$ 61,746.64</u>	<u>\$ 32,044.00</u>	<u>\$ 30,919.00</u>	<u>\$ 28,849.00</u>	<u>\$ 106,239.00</u>	<u>\$ 40,431.00</u>	<u>\$ 31,258.00</u>	<u>\$ 35,640.00</u>	<u>\$ 31,352.00</u>	<u>\$ 37,611.00</u>

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

Source: School District records.

CLEMENTON SCHOOL DISTRICT
 Insurance Schedule
 June 30, 2013
Unaudited

	<u>Coverage</u>	<u>Self-Insured Retention</u>	<u>Deductible</u>
School Package Policy ⁽¹⁾			
Building and Contents (All Locations):			
Limits of Liability per Occurrence	\$ 149,749,500.00	\$ 25,000.00	\$ 500.00
Property Valuation	Replacement Cost		
General and Automobile Liability	9,750,000.00	100,000.00	
Workers' Compensation	Statutory	100,000.00	
Boiler and Machinery	125,000,000.00		1,000.00
Crime	249,500.00		500.00
Umbrella Liability	50,000,000.00		
Educators Legal Liability	10,000,000.00	10,000.00	
Pollution Liability	3,000,000.00		25,000.00
Surety Bonds ⁽²⁾			
Treasurer	300,000.00		
Board Secretary	200,000.00		

⁽¹⁾ Burlington County Insurance Pool Joint Insurance Fund

⁽²⁾ Selective Insurance Company

Source: School District records.

SINGLE AUDIT SECTION

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND
STATE OF NEW JERSEY CIRCULAR 04-04-OMB**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Clementon School District
Clementon, New Jersey 08021

Report on Compliance for Each Major Federal and State Program

We have audited the Clementon School District's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey State Grant Compliance Supplement that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2013. The 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133, and State of New Jersey Circular 04-04-OMB, 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 Clementon School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Clementon School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Clementon School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey Circular 04-04-OMB, 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 School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and State of New Jersey Circular 04-04-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

BOWMAN & COMPANY LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

L. Jarred Corn

L. Jarred Corn
Certified Public Accountant
Public School Accountant No. CS 00219700

Voorhees, New Jersey
September 30, 2013

CLEMENTON SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2013

Federal Grantor / Pass-through Grantor / Program Title	CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2012
				From	To	
General Fund:						
U.S. Department of Education: Passed-through State Department of Education: Education Jobs Fund	84.410A	N/A	\$ 222,874.00	07/01/11	06/30/12	\$ (10,297.50)
U.S. Department of Health and Human Services: Passed-through State Department of Education: Medical Assistance Program (Medicaid)	93.778	N/A	18,281.00	07/01/11	06/30/12	(6,751.08)
Medical Assistance Program (Medicaid)	93.778	N/A	18,267.84	07/01/12	06/30/13	
Total General Fund						<u>(17,048.58)</u>
Special Revenue Fund:						
U.S. Department of Education: Passed-through State Department of Education: N.C.L.B.:						
Title I, Part A	84.010A	NCLB088012	265,901.00	09/01/11	08/31/12	(80,446.00)
Title I, Part A	84.010A	NCLB088013	231,816.00	09/01/12	08/31/13	
Title II, Part A, Improving Teacher Quality	84.367A	NCLB088012	43,439.00	09/01/11	08/31/12	(11,126.00)
Title II, Part A, Improving Teacher Quality	84.367A	NCLB088013	39,262.00	09/01/12	08/31/13	
Title II, Part D, Enhancing Education through Technology	84.318X	NCLB088012	192.00	09/01/11	08/31/12	
I.D.E.I.A. Part B: Special Education Cluster:						
Basic	84.027	FT088012	165,535.00	09/01/11	08/31/12	(19,170.38)
Basic	84.027	FT088013	144,575.00	09/01/12	08/31/13	
Preschool	84.173	PS088012	3,686.00	09/01/11	08/31/12	(2,282.00)
Preschool	84.173	PS088013	3,458.00	09/01/12	08/31/13	
Race to the Top	84.413	NGO 12-RT01-A01	20,163.00	07/01/12	11/30/15	
Total Special Revenue Fund						<u>(113,024.38)</u>
Enterprise Fund:						
U.S. Department of Agriculture: Passed-through State Department of Agriculture: Child Nutrition Cluster:						
School Breakfast Program	10.553	N/A	31,569.00	07/01/11	06/30/12	(1,734.69)
School Breakfast Program	10.553	N/A	27,379.02	07/01/12	06/30/13	
Food Distribution (Non-Cash Assistance)	10.555	N/A	19,304.42	07/01/12	06/30/13	
National School Lunch Program	10.555	N/A	124,795.00	07/01/11	06/30/12	(6,108.17)
National School Lunch Program	10.555	N/A	124,038.29	07/01/12	06/30/13	
Total Enterprise Fund						<u>(7,842.86)</u>
Total Federal Financial Assistance						<u>\$ (137,915.82)</u>

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

Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2013		
				(Accounts Receivable)	Unearned Revenue	Due to Grantor
\$ 10,297.50						
6,751.08						
<u>18,267.84</u>	<u>\$ (18,267.84)</u>					
35,316.42	(18,267.84)	-	-	-	-	-
105,795.00	(31,382.00)			\$ (6,033.00)		
142,487.00	(227,976.04)			(85,489.04)		
11,439.00					\$ 313.00	
19,302.00	(31,612.00)			(12,310.00)		
192.00	(192.00)					
26,976.38	(7,806.00)					
109,530.62	(144,574.61)			(35,043.99)		
2,282.00						
3,112.00	(3,112.00)					
<u>6,140.00</u>	<u>(8,989.01)</u>			<u>(2,849.01)</u>		
427,256.00	(455,643.66)	-	-	(141,725.04)	313.00	-
1,734.69						
25,416.15	(27,379.02)			(1,962.87)		
19,304.42	(17,585.78)				1,718.64	
6,108.17						
<u>115,526.14</u>	<u>(124,038.29)</u>			<u>(8,512.15)</u>		
168,089.57	(169,003.09)	-	-	(10,475.02)	1,718.64	-
<u>\$ 630,661.99</u>	<u>\$ (642,914.59)</u>	<u>-</u>	<u>-</u>	<u>\$ (152,200.06)</u>	<u>\$ 2,031.64</u>	<u>-</u>

CLEMENTON SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2013

State Grantor / Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2012	
			From	To	Unearned Revenue / (Accounts Receivable)	Due to Grantor
General Fund:						
New Jersey Department of Education:						
Current Expense:						
State Aid - Public:						
Equalization Aid	495-034-5120-078	\$ 5,726,697.00	07/01/11	06/30/12	\$ (572,013.00)	
Equalization Aid	495-034-5120-078	5,670,698.00	07/01/12	06/30/13		
Categorical Special Education Aid	495-034-5120-089	363,273.00	07/01/12	06/30/13		
Categorical Security Aid	495-034-5120-084	132,867.00	07/01/12	06/30/13		
Categorical Transportation Aid	495-034-5120-014	49,783.00	07/01/12	06/30/13		
Additional Nonpublic School Transportation Aid	495-034-5120-015	4,554.00	07/01/11	06/30/12	(4,554.00)	
Additional Nonpublic School Transportation Aid	495-034-5120-015	4,002.00	07/01/12	06/30/13		
Extraordinary Aid	100-034-5120-473	75,999.00	07/01/11	06/30/12	(75,999.00)	
Extraordinary Aid	100-034-5120-473	55,026.00	07/01/12	06/30/13		
Reimbursed TPAF Social Security Contributions	495-034-5095-002	246,382.67	07/01/12	06/30/13		
Total General Fund					(652,566.00)	-
Special Revenue Fund:						
New Jersey Department of Education:						
Auxiliary Services (Ch. 192, L. 1977):						
Compensatory Education	12-100-034-5120-067	5,072.00	07/01/11	06/30/12		\$ 5,072.00
English as a Second Language	12-100-034-5120-067	1,724.00	07/01/11	06/30/12		1,724.00
Handicapped Services (Ch. 193, L. 1977):						
Supplemental Instruction	12-100-034-5120-066	702.00	07/01/11	06/30/12		702.00
Corrective Speech	12-100-034-5120-066	2,370.00	07/01/11	06/30/12		2,370.00
Preschool Education Aid	12-495-034-5120-086	85,650.00	07/01/11	06/30/12	1,492.40	
Preschool Education Aid	13-495-034-5120-086	127,785.00	07/01/12	06/30/13		
Total Special Revenue Fund					1,492.40	9,868.00
Debt Service Fund:						
New Jersey Department of Education:						
Debt Service Aid Type II	495-034-5120-075	110,346.00	07/01/12	06/30/13	-	-
Enterprise Fund:						
New Jersey Department of Agriculture:						
Child Nutrition Cluster:						
State School Lunch Program	12-100-010-3350-023	3,026.00	07/01/11	06/30/12	(147.49)	
State School Lunch Program	13-100-010-3350-023	3,110.77	07/01/12	06/30/13		
Total Enterprise Fund					(147.49)	-
Total State Financial Assistance					\$ (651,221.09)	\$ 9,868.00

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

Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2013			(Memo Only)	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor	Budgetary Receivable June 30, 2013	Cumulative Total Expenditures
\$ 572,013.00								
5,157,750.40	\$ (5,670,698.00)			\$ (512,947.60)			\$ (512,947.60)	\$ (5,670,698.00)
330,412.85	(363,273.00)			(32,860.15)			(32,860.15)	(363,273.00)
120,848.41	(132,867.00)			(12,018.59)			(12,018.59)	(132,867.00)
45,279.84	(49,783.00)			(4,503.16)			(4,503.16)	(49,783.00)
4,554.00	(4,002.00)			(4,002.00)			(4,002.00)	(4,002.00)
75,999.00	(55,026.00)			(55,026.00)			(55,026.00)	(55,026.00)
234,288.67	(246,382.67)			(12,094.00)			(12,094.00)	(246,382.67)
<u>6,541,146.17</u>	<u>(6,522,031.67)</u>	<u>-</u>	<u>-</u>	<u>(633,451.50)</u>	<u>-</u>	<u>-</u>	<u>(633,451.50)</u>	<u>(6,522,031.67)</u>
			\$ (5,072.00)					
			(1,724.00)					
			(702.00)					
			(2,370.00)					
	(1,492.40)							(85,650.00)
115,006.50	(121,222.99)			(6,216.49)			(6,216.49)	(121,222.99)
115,006.50	(122,715.39)	-	(9,868.00)	(6,216.49)	-	-	(6,216.49)	(206,872.99)
110,346.00	(110,346.00)	-	-	-	-	-	-	(110,346.00)
147.49								
2,720.14	(3,110.77)			(390.63)			(390.63)	(3,110.77)
2,867.63	(3,110.77)	-	-	(390.63)	-	-	(390.63)	(3,110.77)
<u>\$ 6,769,366.30</u>	<u>\$ (6,758,203.83)</u>	<u>-</u>	<u>\$ (9,868.00)</u>	<u>\$ (640,058.62)</u>	<u>-</u>	<u>-</u>	<u>\$ (640,058.62)</u>	<u>\$ (6,842,361.43)</u>

CLEMENTON SCHOOL DISTRICT

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2013

Note 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Clementon School District (hereafter referred to as the "School District"). The School District is defined in note 1 to the School District'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, are included on the schedules of expenditures of federal awards and state financial assistance.

Note 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using 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 School District'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 for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

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

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is \$45,162.01 for the special revenue fund. No such reconciling items exist for the general fund as budgetary expenditures are recorded on the modified accrual basis. See exhibit C-3, 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.

Note 3: RELATIONSHIP TO FINANCIAL STATEMENTS (CONT'D)

Awards and financial assistance expenditures are reported in the School District's basic financial statements on a GAAP basis as presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 18,267.84	\$ 7,007,153.17	\$ 7,025,421.01
Special Revenue Fund	410,481.65	116,498.90	526,980.55
Debt Service Fund		110,346.00	110,346.00
Food Service Fund	169,003.09	3,110.77	172,113.86
Total Awards and Financial Assistance	<u>\$ 597,752.58</u>	<u>\$ 7,237,108.84</u>	<u>\$ 7,834,861.42</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: ADJUSTMENTS

There were no adjustments made during the fiscal year ended June 30, 2013.

Note 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distribution, respectively. 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 fiscal year ended June 30, 2013.

Note 7: MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

CLEMENTON SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2013

Section 1- Summary of Auditor's Results (Cont'd)

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 or New Jersey Circular 04-04-OMB? _____ yes X no

Identification of major programs:

GMIS Number(s)

Name of State Program

495-034-5120-078

State Aid - Public:

Equalization Aid

495-034-5120-089

Categorical Special Education Aid

495-034-5120-084

Categorical Security Aid

Dollar threshold used to determine Type A programs \$ 300,000.00

Auditee qualified as low-risk auditee? X yes _____ no

CLEMENTON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013

Section 2- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

None.

CLEMENTON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by OMB Circular A-133.

None.

CLEMENTON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2013

Section 4- Schedule of State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

None.

CLEMENTON SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE PROGRAMS

None.

